

BANKER'S GUIDE

BY

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With a foreword by

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(Second Revised and Enlarged Edition)

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PREFACE TO SECOND EDITION

I offer my sincere apology to my readers and admirers for the long delay in bringing out the second edition of the Banker's Guide inspite of their repeated dimands for earlier publication. This is mainly due to the acute paper shortage and disturbed condition of the country. However I am glad that the second edition is out now—better late than never.

I have tried my best to improve the book by various additions and alterations. Practically this edition will appear to many as an entirely new work. Still, I must admit, there is room for improvement and printing mistakes have crept in. My pre-occupation with other business, which kept me moving about in different parts of India is mainly responsible for this, for which I beg to be excused. My readers are requested to please inform me the mistakes as and when they appear to them.

Though the cost of paper, printing and even binding has gone abnormally high, the price of the book has been increased by one rupee only to suit the pocket of my many readers.

I shall be happy if this handy volume proves to be useful to those for whom it is meant.

15th. March, 1947.
31 B, Ekdalia Road,
Calcutta 19.

THE AUTHOR.

Dedicated to
SIR C. D. DESHMUKH,
Kt. C. I. E., Bar-at-Law
Governor
RESERVE BANK OF INDIA
WITH
AUTHOR'S HIGHEST REGARDS

FOREWORD

In recent years the growth of Banking in India has been phenomenal and this is indeed a happy sign as the expansion of trade and industry of our country requires proper banking facilities. In order to establish the banks of our country, most of which are of comparatively recent origin, on a sound footing it is necessary that these institutions should be run on scientific lines. The modern banking system is an intricate organisation which requires certain amount of guidance at every stage of its operation. I am, therefore, glad that an attempt has been made in "Banker's Guide" to give an idea as to how a bank should be organised, how the transactions should be completed and how a correct record of various transactions should be kept. I am confident that this book will prove a useful guide to all those who are interested in banking.

SHYAMAPRASAD MOOKERJEE

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BANKER'S GUIDE



BANK—THE SOCIAL SERVANT

Now-a-days banking institutions are expanding their business considerably by branch-banking and new banks are also making their appearance in the commercial field. Sound banks play a great part in the progress and development of the trade and commerce of the country. So the more we get sound banks in the country the more facility our trade and industry will get from them and our commerce in general will speedily develop.

Utilization of Idle Capital

Mr Spalding, the eminent British expert on banking, writes "One of the main functions of a bank is to gather up idle capital, and through its mobilizing power to employ it effectively"

In the balance sheets of banks we find figures in lakhs and crores, but we must remember that a major portion of it would have been left idle in the hands of their owners, had they not been deposited in a bank. Individually small capitalists would not find it sufficient to employ such small capital in any trade or industry and the big conservative capitalists would feel shy to invest their capital in any business due to their ignorance, idleness or sufficiency of funds. But all these small or idle funds pooled together in a bank are financing import and export trade of big concerns like shipping, mining or milling. So the greatest service a bank gives to the

society is to make idle money of the country available for trade and industry

Cannot Supply Capital To Be Blocked

It is a general complaint now-a-days that banks do not support the industry of the country as they ought to. We must remember that the first and foremost duty of a bank is to invest its funds in such a way as to make them available at a very short notice to meet the demand of its depositors. So a bank cannot and should not supply the capital money for any industry which is to be blocked.

Supply Current Capital

But the banks can supply funds for the current expenditure of production, in such a way that if required, the funds can be realised at a short notice by selling the stock in raw or finished form. When we accuse a bank for not entertaining a proposal for starting a new industry or trade, we must remember that the bank is only a trustee of public money and it cannot speculate with it. If the bank acts negligently or preferentially or looses in speculation ultimately the depositors will suffer.

In addition to giving direct help to the trade and industry of the country by supplying current capital, by cash credits, or loans, the banks help our commerce by several other ways.

Discounts Bills or Advances Against Them

Next to goods, a bank likes to deal in bills of exchange as security.

Banks usually discount Bills of Exchange and inland bills of good parties at a very low interest. The result

is, before the parties get the payment from the consignee, they are financed by the bank. Suppose I desire to send some goods to Bombay by goods train but do not like to block my capital spent for the purchase of the commodity for the days of transit, I present my order, bill and Railway Receipt to my banker and instruct him to hand over the Railway Receipt to my customer on payment (or D/A) of the amount of the bill, which the banker will credit to my account on receipt. In the mean time I may draw the percentage of the billed amount, as arranged, from my banker at a low interest. So by giving this facility a bank allows greater percentage of profit to its customer due to more turn-over of capital and allows more trading.

Acts as Agents

At the same time traders can safely trade with unknown parties of distant places having at their command the banks as their agents. Even where his own banker has not a branch, he need not bother. He will hand over the documents to his banker and his banker will find out which bank has a branch there, to whom he will send the bills for collection. This safety is a great impetus to trade and industry. Even when no advances are required by the trader or made by the banker, the banker offers facility to collect bills on behalf of his customer from any part of the country where there is a bank.

Cheapest Transfer of Funds

Another advantage offered by banks to traders is the transfer of money from one place to the other or from

the buyer to the seller at a very low cost. Bank drafts are at present the cheapest form of transfer of money.

If there be no developed banking system in the country, no trade either inland or foreign can grow. The banks are the only agent, who transfer money from one corner of the country to the other, from the city to the mofussil, from one country to the other, at cheapest cost. Postal or any other arrangement cannot compete with the banks in this respect.

Import and Export Trade

Banks play a very important role in export and import trade of the country. By transferring money from one country to the other at a very low cost, by paying the seller against his documents of lading and by faithfully carrying the instructions of his client in handing over the documents to the buyer in a distant country and by lending their services in various other ways, the banks offer facilities to its constituents to utilise their capital safely and at its maximum value.

Has Made Capital Cheap

It is due to the banks that the businessmen of to-day have capital at their command at such low interest as 4 to 6% p.a.

It is always better to take loan from a bank for trade or commerce. Banks are satisfied with reasonable interest only, they will not let you down at the time of your need for their personal gain as is often the case

with private lenders. Bank will not talk about your loan and you know that there will be no unnecessary botheration there.

Acts as Trustee and Executor

Many find it difficult to appoint executors of their will, as the executor may later on turn out to be a bad man and may baffle the real object of the will for his personal interest. Many first class banks now-a-days undertake to act as executors or trustees of a will either alone or jointly with another or others. There is no risk of any misdeed by banks for personal gain and the continuity of management is assured, which is not possible in case of individual trustee or executor. There is another additional advantage of appointing banks as executors, they have special staff who have expert knowledge in the line. Banks also accept appointments under existing trusts and act as trustees.

Services to Travellers

Travellers who undertake tour in foreign countries or inland either for pleasure trip or for business, will find banks to be of great service to them. Often banks arrange for pass ports, stand guarantee to states like U. S. A., who want a guarantee on behalf of travellers, issue Travellers' cheques, letters of credit, or circular notes as may be required by the constituent. Banks make arrangement for payment in any country of the world by the currency of the land. All these save the risk of carrying money in far lands where the traveller may chance to come across thieves.

and swindlers. Those who have travelled abroad know how private money changers swindle foreigners and what an advantage it is to encash travellers cheques or to have payment against letter of credit from banks.

Custodian of Valuables

Banks keep their clients' valuables or documents, wills etc. in safe custody at a very nominal charge. Many banks have safe deposit vaults, which are operated by the clients as they like but the vaults are under guard of the bank. Now-a-days the modern city life in rented houses or flats has made it rather impossible to have any individual strong room and the risk of theft is greater. So this service is a great help to citizens. Likewise villages also are not very safe for middle class people, who might have saved a few thousand rupees or who generally have some gold and silver but cannot have a real strong room in a village. So villagers can also utilise this service at a nominal cost, even without opening any account.

Various other Services

The bank is very useful to individuals and traders in handling their money by cheques. The banks have dispensed with the risk of handing cash money at the time of receipt and payment; it has facilitated the circulation and transit of money to a great degree. The banks supply their clients with the credit report of the parties willing to trade with them, a service impossible to get from any other reliable service.

The banks maintain competent staff to prepare and file Income Tax return or for making claims for refund of Income-tax for the clients.

The banks also act as agents to draw interest of Government or public body's loans in time, to collect and deposit in client's account dividends of his shares, debentures etc., to pay Insurance premium or other regular subscriptions. Now-a-days many banks undertake even to pay electric and telephone bills of the clients, to purchase of sale shares and stocks and get them registered in client's name, collect bills as attorneys of clients. Practically banks are always ready to serve you in collection and payments if you give them instructions to do it and have funds to meet them.

(Published in Joint stock Companies Journal)

CHEQUES

The banker's main business is to deal with cheques. A banker carries great risks and liabilities for honouring an irregular cheque, as well as for dishonouring a regular cheque. So the banker must thoroughly acquaint himself with the law and practice in dealing with cheques. The definition of a cheque as per Negotiable Instruments Act, 1881 is "A bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand." The bill of exchange is defined as "An unconditional order signed by the maker, directing a certain person to pay a certain sum of money only to, or to the order of, a certain person or to the bearer of the instrument."

The party who signs a cheque or by whose authority a cheque is signed is called the "Drawer."

The party who is required to pay out the amount i.e. the banker, is called the "Drawee."

Drawer's signature—The cheque is only valid when it bears the signature of the drawer or of such person as is authorised by the drawer. So a cheque bearing a forged signature is not a valid document. But if the drawer does not repudiate a forged signature as soon as a forgery comes to his knowledge so that thereby prevents or prejudices the banker's chances of recovering the money from the forger, then the banker may be entitled to debit the drawer with the amount. If the banker has reason to doubt the signature of the drawer, it is safer to return the cheque marking it "Signature

differs." Regarding the forged indorsement however the law is different. It has been separately dealt with later on. An account holder may authorise his agents to operate his account.

Payee—Where a cheque is not payable to bearer, the payee must be named or otherwise clearly indicated; for example "Pay self or order." If a cheque is presented "Payable to———or order" it should be returned marking "Payee's name omitted"; If a cheque is presented without payee's name, it should not be treated as payable to bearer as the absence of a payee's name does not make a cheque at all. A cheque may be payable to more than one person jointly or in the alternative to one or two or several payees or to the holder of an office.

Holder in due course—Under Sec. 9 of the Negotiable Instruments Act 1881, a "holder in due course" means "any person who for consideration became the possessor of a promissory note, bill of Exchange or cheque if payable to bearer or the payee or indorse thereof, if payable to order, before the amount mentioned in it became payable and without having sufficient cause to believe that any defect existed in the title of the person from whom he derived his title." The holder is entitled to receive or recover the amount in his own name.

Indorser—According to the Negotiable Instruments Act every indorser of the cheque is liable for the amount mentioned in the cheque to the holder in due course. So the payee is not liable on a cheque until he has endorsed the same and in case of alternative payees, those who have endorsed the cheque only will be liable.

Alteration—Any alteration in the payee's name is a material alteration and requires drawer's confirmation. Any alteration without the signature or confirmation of the drawer invalidates the cheque. If there are two or more drawers all should join in the confirmation. Any alteration in date, place of payment, amount and the name of the payee is a material alteration. Any holder may alter a bearer cheque to an order cheque by crossing the word Bearer to Order, which does not require drawer's confirmation. But the change of "Order" cheque to "Bearer" cheque requires drawer's signature. Full signature should be preferred to the initials in case of such confirmations. If any cheque with material alteration bearing no confirmation of the drawer is paid by the banker, he cannot debit the customer's account.

Amount—The amount should be stated both in words and figures. If they differ, the amount expressed in words is to be legally paid. But it is a custom of all banks to return such cheques marking "words and figures differ". If the amount is in words only and the figure is left blank it is safer for a Bank to pay the cheque to avoid the legal risk of damage. But if the amount is in figure only the cheque should be returned with the reason "Amount required in words". If the writing of the amount appears to differ from other writings on the cheque, it is safe for the bank to return it on the ground 'Amount in words requires drawer's confirmation'. Sometimes to prevent fraud the drawers mark "Under Rupees five thousands only" or "Not exceeding Rupees five thousands only" etc.; such markings are valid and should be obeyed by the banker. When a cheque is

drawn in foreign currency, in the absence of a stipulation to the contrary, the amount should be converted into Rupees according to the rate of exchange and the amount should be paid.

Date—Before a cheque is paid it must bear the date. But if a cheque is drawn without date, the absence of date does not invalidate the cheque. The person in possession may put in the date any time he likes before the presentment. The banker should take great care in dealing with post-dated cheques. Post-dated cheque is a legally valid instrument, but the banker should not comply with the order until the day comes, as the drawer may stop payment of the document, may go bankrupt, or may sue for damage if cheques of prior date are dishonoured due to honouring a post-dated cheque. A banker loses his statutory protection if he honours a post-dated cheque before due-date and is liable for all losses arising out of such action.

Stale Cheques—When a cheque appears on the face of it to have been in circulation for an unreasonable length of time, it is called a "Stale Cheque." It is a custom to treat a cheque as stale, six months after the date of issue. But after six months the drawer's liability to the holder of the cheque does not cease though bank may refuse to pay the cheque being a stale one. The holder can sue the drawer in time within the period of limitation unless the drawer has suffered actually due to the delay in presenting the cheque.

Mutilated Cheques—A cheque which is torn is to be treated as mutilated one. If the payee accidentally tears a cheque he should get drawer's confirmation or

the collecting banker's guarantee before the bank can pay it. When a cheque is not completely torn into two, it may be paid but it is safer to return the cheque marking "Mutilated cheque".

Payment out of Banking hour—No payment of any cheque should be made out of usual banking hour, as that will be treated as a payment *not* in due course and as such the banker will not be protected under the law, if any fraud in endorsement or other irregularities are found in the transaction.

Indorsements—The indorsement must be written and signed on the cheque by the indorser. The simple signature of the indorser on the document without additional words is sufficient.

Allonge—When no space is left for indorsement on the back of the cheque, a slip of paper is pasted at one end of it and this is called "*Allonge*". It is necessary while endorsing on an '*Allonge*' that a part of the first indorsement on the '*Allonge*' comes on the document itself.

Liability of endorsers—Where there are two or more indorsements the indorsers are liable in the order of their signatures i.e. if there are 5 indorsements on the cheque, the fifth person can realise the amount from any or all of the four persons, while the third indorsee can only look to the first and second indorsers for the payment and cannot hold the fourth or fifth person liable.

When an indorser indorses a cheque, he is precluded from denying to the holder in due course the genuineness

and regularity in all respects of the drawer's signature and all previous indorsements. An indorser is liable for payment in case of dishonour to all subsequent indorsers. If a person indorses in an assumed name, he is liable therein as if he has signed in his own name. If an indorsement is made by a partner of the firm for the firm, all the partners of the firm are held liable thereby. But, an indorser may also indorse restricting his liability. If any indorser puts the word '*Sans recourse*' or 'without recourse to me' along with his indorsement he is not liable for the amount in case of dishonour. But this does not free him from liability, if there be any forgery in the instrument prior to his indorsement.

Where a cheque is payable to the order of two or more payees, where the indorsees are not partners, all must indorse unless any one has authority to indorse for others.

Wrong Spelling—Where the name of the payee or the indorsee is wrongly spelt, the endorsement should be word for word, but if the indorser thinks to put his proper signature, he may do so below the previous one,

Blank and Restrictive endorsement—An indorsement may be in blank or special or restrictive. An indorsement in blank specifies no indorsee and only the name of the payee is written. This actually makes the document a bearer one. A special indorsement specifies the person to whom or to whose order the cheque is payable. When a cheque is issued "Pay Mr. 'X' only or order," it is a special indorsement. Any holder of a blank

indorsed cheque may convert it to a special indorsed one by writing above the endorser's signature such directions.

Banker's Liability--A banker is bound to know the drawer's signature. But he cannot be expected to know the signatures of the indorseees. So if a banker pays cheques bearing a forged or unauthorised indorsement in *due course* and *without negligence*, he is protected by section 85 (1) (2) of the N. I. Act. "Payment in due course" has been defined in sections 10 and 128 of the Negotiable Instruments Act 1881.

Fictitious Names--A cheque payable to a fictitious or non-existing person, viz. "Pay Lord Krishna" or "Pay Boome-rang or order" should be treated as bearer and no indorsement of the payee is required.

Payee's endorsement--If the payee wants to cash the cheque himself, legally he cannot be asked to endorse the cheque, but it is customary to ask for his indorsement before handing over the money. If the payee insists not to indorse the cheque on his legal right, the payment cannot be withheld, but in that case the banker should demand from him duly stamped receipt for the money.

Pencil and stamp endorsement.

Legally an indorsement in pencil is valid but by practice it is not accepted due to its liability to alteration. Indorsement by an impressed stamp in case of firms or by facsimile stamp is legally valid if put on by or under the authority of the payee. But as it is not possible for a banker to ascertain whether it is there

with the authority or not, in practice this is not accepted.

*Complimentary suffixes and * prefixes* and other complimentary titles should not form a part of the indorsement. The initials of christian name may be acceptable, e.g. Mr. Padmanabha Iyer may indorse as P. Iyer. Sometimes an agent signing Per Pro attaches the courtesey title to his principal's name, such indorsements are usually passed. Thus "Per Pro Mr. Vedavyas M.A., L.L.B., Ramnath" should be passed. Mr. Vedavyas M.A., L.L.B., should endorse as 'Vedavyas' and should not use Mr. but he may put M. A. L. L. B., after his name. Unmarried women should sign with her first name and surname, e.g. a cheque payable to Miss Sen should be indorsed as Ela Sen. When a cheque is payable to Mrs. Dutt, it should be indorsed as Sarojini Dutt, wife or widow of Mr. P. Dutt; It will be wrong to indorse as Mrs. Dutt. If a cheque is drawn in maiden name of a married woman, she may indorse her present name followed by her maiden name, e.g. Miss. Nirmala Banerjee now married to Mr. Kamal Mukherjee should endorse a cheque payable to Miss. Nirmala Banerjee as "Nirmala Mukherjee, *nee* (formerly) Banerjee". When a cheque is payable to a particular official or to any person indicating his official or fiduciary capacity, the indorsement must include his official designation. A cheque payable to N. M. Bhattacharjee, Treasurer, Calcutta Club, should be indorsed by the payee giving his full description as "Per Pro. Calcutta Club, N. M. Bhattacharjee, Treasurer". Similarly when a cheque is payable to the name of some

office such as Head Master, Treasurer, Secretary, Trustee, Official Receiver, the person holding the office should clearly state his authority while indorsing (Please see the indorsement table.)

Agent—An agent must act personally and as a general rule he has no power to delegate his authority ; so indorsements bearing evidence of delegated authority need confirmation.

Firms—A firm may sign as agent for another firm or for any individual. Sometimes an agent may have the power to sign principal's name without indicating that he is signing as an agent. If an agent or officer is one who is not generally given powers to indorse or draw, the banker should ask for confirmation of such indorsements, e.g. when the indorser describes himself as cashier or Bill clerk, the confirmation is necessary. A cheque payable to a firm may be indorsed simply by putting the name of the firm or by one of its partners for the firm, stating his designation. If a cheque is payable to two persons jointly and one of them dies before presentment, the cheque is payable to the survivor on his endorsement, provided that he can produce satisfactory evidence of the death of the other party.

Executor and Trustee—Executors and administrators may delegate their authority among themselves but not to outsider. So one of them if so authorised may give a valid discharge by indorsement. But Trustees must act personally and cannot delegate their authority even among themselves. So if a cheque is payable to

Trustees, Jadablal Trust Estate, all the trustees must join in endorsement. It is the custom of the bankers to be satisfied regarding the authority of the persons who are signing as Trustees before paying any cheque.

Illiterate persons—Illiterate persons may indorse by means of thumb impression. This mark should be followed or proceeded by the name of the payee as described on the cheque with the words 'His mark', which should be attested by a witness giving his full address.

Endorsement confirmed—An indorsement not quite in order is often confirmed by the collecting banker before presentment by marking "Endorsement confirmed", on the back of the document followed by the bank's signature. On the bank's confirmation, it is the custom to pay the amount even if the indorsement be slightly irregular. Similarly "Order" cheques without the indorsement of the payee are sometimes marked by the collecting bankers as "Payees Account credited" or "Placed to the credit of Payee's account". These indorsements are accepted out of courtesy but legally there being no regular indorsement, the drawer may refuse to allow the amount to be debited to his account and the paying banker also loses his statutory protection. But of course paying banker can look to the collecting banker for the amount for his confirmation.

Dead payee—Where the payee is dead, the cheque should be indorsed by his legal representatives.

Vernacular Signature—Now-a-days banks in India recognise vernacular indorsements. But if there be any doubt about the genuineness of the indorsement, the

cheque should be returned marking "indorsement requires confirmation."

Crossing of Cheques :—

A cheque may be crossed by putting two parallel transverse lines with or without the words "& Co." or "Not Negotiable" on the face of the cheque. Even when a name of any banker appears across the cheque without the parallel lines, it should be taken as a crossing. Crossing may be done generally or specially. Special crossings are made by adding the words "Not Negotiable", "A/C Payee Only", "Under Rs. ..." or by putting name of any bank even for particular purposes, e.g. "To be credited to the Current Account of 'A' Bank".

A Drawer or a holder may put the crossing. Crossing forms a material part of the cheque, so any alteration requires confirmation.

Not Negotiable—An addition of the word "Not Negotiable" on the face of the cheque within the crossing does not invalidate the cheque for further negotiation. This cheque can be negotiated by endorsement like any ordinary cheque. Its only significance is that the holder for value does not take the document free from any defect in the title of the transferor. A "Not Negotiable" marked cheque does not give a better title to the transferee than the transferor (Sec. 130 of N. I. Act.) e.g. a "Not Negotiable" bearer cheque is stolen and the thief passes the cheque to another person for consideration and he cashes the cheque. When later on it is detected, the holder who paid for the cheque and later cashed it,

is liable to refund the money to the true owner as the thief had no right on the cheque and could not pass any right to the holder. Whereas in case of any ordinary cheque without the mark "Not N gociable", the holder in due course will not be affected. Both paying and collecting bankers are unaffected if such cheques are collected or paid by any unauthorised persons, unless they (banks) purchase the document and become the holders in due course instead of collecting as agents.

Account Payee :

When cheques are crossed with the words "A/C Payee", "Payee's A/c" or "A/c XX", the paying banker is not required to give any attention to this direction. It is the duty of the collecting banker to see that the cheque is credited to the proper account.

The words "Not Negotiable", or "A/c Payee" without the crossing lines does not make a cheque a crossed one. But the banker will be safe in returning such cheque presented over the counter on ground that the form of the cheque is irregular.

Opening of Crossings :

A crossed cheque may be opened again by the drawer by writing within the lines "Please pay cash" or 'Crossing Cancelled'. The drawer must put his full signature after these words.

Duty of Paying Banker as to Crossed Cheques :

Crossed cheques are intended by the drawer to be paid through a bank and it signifies the intention of the drawer that the cheques should not be paid on the counter. So the cheques having general crossing should

be paid by the paying banker through another bank and in case of a special crossing in favour of a bank, through that particular bank in whose favour the crossing appears. In case of such special crossing parallel lines are not essential, only name of the bank stamped across the face of the cheque is a sufficient crossing. As already stated, it is not the duty of the paying banker to give any stress on such special crossings as "Payee's Account." A cheque cannot be specially crossed in favour of two banks, unless one banker acts as agent to another banker for collection and it is desirable that the crossing should signify the same. *e.g.*

THE HOOGLY BANK LTD

to be credited to the Current A/c of

MUTUAL BANKING CORPORATION LTD

Where crossing in favour of two banks appears on the face of the cheque, one crossing should be cancelled by the bank whose crossing is required to be cancelled before the payment is made (Sections 126, 127 and 129 of N. I. Act deal with payment of crossed cheques). Any holder of a cheque may cross a cheque specially or generally. (Section 123 & 124 of the Negotiable Instruments Act 1881 defines the general and special crossings).

Stop Payment—Only the drawer of a cheque is entitled to stop payment of it and not the holder. The payment of a cheque of a joint account may be stopped by any one of the joint parties and any one executor or trustee can stop payment of a cheque drawn by all the executors or trustees.

A drawer cannot stop payment of a cheque which has been certified or marked as "good for payment" by the banker at drawer's request.

Order for stop payment of a cheque or withdrawal of such order should be always in writing and should precisely state the details of the cheque. If a banker receives notice of stop payment from a holder of a cheque on account of the cheque being lost or on any other reasonable ground, the banker generally takes steps to postpone the payment and get instruction from the drawer.

Death of Customer :

In the case of the death of a customer, cheques drawn by him should not be honoured and cheques drawn by others by virtue of authority or power given by him should not also be honoured. Only the legal heir, executor or administrator may withdraw the balance under proper court order.

When an account is opened in joint names, the survivor may withdraw the balance in case of death of the other party. If the heir of one of the joint holder claims the balance, the banker can not pay it to him so long one of the customers are alive and the best course for the bank is to ask the claimant (heir) to seek the protection of the court by way of injunction on the bank. When all the joint holders are dead, the balance will be payable to the legal heir of the person who died last. A cheque drawn by one of the joint parties under proper authority should not be paid if notice of his death is received by the bank before payment. But if the cheque is signed

by all the parties and one of them dies later, it should be paid, as the money belong to the survivor (s). When a joint account is overdrawn, the survivors are liable for the loan and not the estate of the deceased party, as it is a joint liability and not a several liability. To avoid this complication the bankers usually take an undertaking from all the parties at the time of opening a joint account that each of them holds themselves responsible jointly and severally.

But in case of articles kept with the bank for safe custody in joint names, the position is different. The safe custody article can not be delivered to the survivor in case of death of one of the parties. In absence of a specific mandate to deliver to either of the parties, the survivor and the executor or administrator of the deceased should sign the discharge receipt.

Garnishee Order—A garnishee Order Nisi based on a judgment against a customer, when served on the Bank, binds the whole of that customer's credit balances on Current Account. When such an order is received the account should not be allowed to be operated upon. All cheques should be returned unpaid. The answer would be "Account Garnished". If however, the customer is a substantial person the usual course for the Bank is to open a new account, to which all monies paid in should be credited and all cheques presented for payment should be debited. Such payments are not affected by the Garnishee Order. Also the party may be allowed to withdraw the amount in excess of the attached amount from the garnished account.

Immediately on receipt of a Garnishee Order the Bank should communicate to the customer and ask for instructions. An officer should also appear in Court in accordance with the Order, paying into Court a sum equivalent to the judgment debt, assuming, of course, that there is no question of trust money, set off or the like. If the Bank has any lien or set off against the monies attached, which existed at the date of the service of the Order, this fact should be represented to the Court and would prevail against Garnishee Order.

In cases of doubt the wisest course is to get in touch with the court as soon as possible and obtain directions.

A garnishee order has the effect of attaching Fixed Deposits and any securities standing in the name of the customer, but not any amount deposited after the order is served.

Duties of Collecting Banker as to Crossed cheque—

Section 131 of the Negotiable Instruments Act 1881 protects the collecting banker as follows, "A banker who has in good faith and without negligence received payment for the customer of a cheque crossed generally or specially to himself shall not, in case the title to the cheque proves defective, incur any liability to the true owner of the cheque by reason only of having received such payment." So the banker must see that the cheques are collected *in good faith and without negligence*. He will be guilty of negligence if he ignores improper endorsements or permits agents to pay into the credit of their private accounts cheques payable to

their principals or collects a cheque marked "Account Payee" for a customer and credit to some other account other than the named payee or makes payment of stopped payment cheques. When a cheque bears *Per Pro* endorsement, the collecting banker's duty is to be acquainted with the proper authority of the person who so endorses, otherwise the banker will be negligent and will not be protected under law. All the protections given to paying and collecting bankers under Negotiable Instruments Act 1881 are given to bankers only when they act as agent to their customers and the *bankers lose these protections as soon as they become holder in due course of the cheque for value and cease to act as agent*. When a banker gives cash in exchange for a cheque drawn on another banker or allows overdraft against it or credit the customer's account with the amount of the cheque before the cheque is encashed, the banker becomes holder of the cheque for value and in that case he collects the proceeds of the cheque for himself and not as agent for the customer. In that case he is liable to the true owner if the endorsement is proved to be forged or unauthorised and the banker does not get good title. This is particularly so in case of a cheque which has "Not Negotiable" crossing and the risk is less on the bearer cheques.

When any body signs 'per pro' or 'For and on behalf of' or for any firm, it is the duty of the collecting banker to see that the indorser holds proper authority to indorse in that capacity. The paying banker is not liable if unauthorised person receives the money falsely designating himself.

Marking of Cheques :—

Sometimes cheques are marked as "Good for Payment" crossed on the face of the cheque by the banker at the request of the drawer or as between banker and banker. This mark indicates that the paying banker who marks the cheque holds himself liable for payment of the cheque irrespective of the position of the customer's account. The banker is entitled to retain the money from the customer's account to meet the cheque when he marks the cheque as "Good for Payment" at the request of the drawer. Consequently he is also entitled to dishonour any of the customer's cheques if the balance does not cover the cheque so drawn after deduction of the amount for the cheque marked good for payment. Such cheques may be debited to the party's account even if the party dies or becomes bankrupt before presentment of the cheque. Now-a-days this practice of marking cheques is not favoured much by the bankers and in such case they prefer to issue their own drafts.

Dishonour of Cheques :—

It is desirable that the cheques should be paid in the strict order of presentment, otherwise the banker will be held liable for not acting in good faith. But that does not mean that if a cheque is dishonoured for want of funds the banker should dishonour the next cheque if there be sufficient fund to meet the same. While dishonouring a cheque, the banker runs a great risk, as the banker may be liable to damage if he does it negligently or illegally. The amount of damage depends on the credit and respectability of the party and not on

the amount of the cheque. On the contrary, the smaller the amount the greater damage may be claimed by the party. It should be the duty of the banker not to unnecessarily expose the position of his customer and only to state so much as is necessary when the cheque is returned. A list of usual reasons for returning the cheque is given in the Appendix.

REGULAR & IRREGULAR INDORSEMENTS

A list of indorsements is following, from which the reader will have an idea about the regular and irregular indorsements.

Payees	Irregular Indorsements
<i>Individuals</i>	
Pranlal	Pranlal
Mr. K. Ramnath, Junior Lala Kishen Lal	K. Ramnath Lala Kishen Lal K. Lal
Mr. John Smith	Mr. John Smith John Smith, Junior
Principal Raval	Principal Raval
<i>Women :—</i>	
Miss Patel	Miss. Patel
Mrs. Naidu	Mrs. Naidu
Mrs. N. Naidu	Mrs. N. Naidu
Mrs. K. Roy (now-married)	Mrs. K. Roy
<i>Clubs, Schools etc.</i>	
B. H. School	Ganpat Ram, Head Master, B. H. School
Head Master Daji Raj High School	Daji Raj High School, Head Master
The Kerala Club	K. G. Menon, Secretary, The Kerala Club
The Secretary, Kerala Club	Kerala Club V. K. Mani, Secretary,
Hony Treasurer, Bengal Club	Hony. Treasurer, Bengal Club
<i>Joint Payees</i>	
Rajaram Bhatia & Sadasiva Kamath	Rajaram Bhatia Sadasiva Kamath (In the same handwriting)
K. Mitter & Mrs. Mitter	K. Mitter & Mrs. Mitter
<i>Agents :</i>	
A. C. Banerjee	For A. C. Banerjee P. Ghosh A. C. Banerjee per pro P. Ghosh

Regular Indorsements

General Remarks

Pranlal Dagli

Pranlal is an ordinary individual's name among the Hindus. In order to facilitate identification, his surname or other name should be added, though it would not be necessary in Upper India, where people generally have no surnames.

K. Ramnath, Junior

Kishen Lal

Kishen Lal

J. Smith

John Smith

Lala is a courtesy title

Full signature has to be written

This is permissible in case of Christians only.

Mr. John Smith is *prima facie* John Smith Senior.

V. Raval

Leela Patel

Jeeja Naidu

(Wife or widow of Mr. N. Naidu)

(Mrs.) N. Naidu

K. Chowdhury (nee-Roy)

For and on behalf of

B. H. School

Ganpat Ram, Head master

For Daji Raj High School

G.B. Upadhyaya, Head master

For and on behalf of The

Kerala Club, K. G. Menon,

Hony. Treasurer.

For and on behalf The Kerala

Club, V. K. Mani, Secretary.

This is also accepted.

For and on behalf of

Bengal Club. P. N. Banerjee

Hony. Treasurer

P. N. Banerjee, Hony. Treasurer, Bengal Club is also accepted in practice.

Rajaram Bhatia

Sadasiva Kamath

In different handwritings.

K. Mitter

Lila Mitter

In different handwriting.

For and on behalf of

A. C. Banerjee

P. Ghosh

For or Pro is no indication of authority.

Per Pro Mr. A. C. Banerjee

P. Ghosh

Per pro must precede the principal's name.

A.C. Banerjee by his constituted

Attorney P. Ghosh

Before paying the cheque the collecting banker should satisfy himself that P. Ghosh is really the constituted attorney of the payee.

Payees**Irregular Indorsements****Firms :****Banerjee & Co.****D. S. Banerjee & Co.****Messrs Khanna****Khanna & Co
P. Khanna & Co.****Misses Ghosh****Misses Ghosh****Joint Stock Companies :****Bengal Supply Co. Ltd.****For Bengal Supply Co. Ltd.
Raja Ram****E. T. Co. Ltd. (In Liquidation)****Executor & Administrator :****A. Vora (now deceased)****Ramanibai Vora, Widow of A. Vora****L. Kuntekar & another
Executors of late A. Vora,****L Kuntekar
For Executors of A. Vora deceased.
For self and Co-executor,
L. Kuntekar****Representatives of the
late A. Vora****L. Kuntekar****Trustees :****The Trustees of late Sir
Haris Chandra Bhatt****For self & Co-trustees of the late
Sir Haris Chandra Bhatt
N. Sheth**

Regular Indorsements

General Remarks

Banerjee & Co.

Any partner who has authority to sign on behalf of the firm may sign in the name of the firm.

Banerjee & Co.

D. S. Banerjee,

Partner

Per Pro Banerjee & Co.

S. N. Banerjee, Manager,

The Indorsement should indicate the designation of the person making it

Khanna & Khanna

Khanna & Son

The description of the payee suggests that the payee named is a firm consisting of at least two persons named Khanna and should therefore be indorsed in one of the forms given in the preceding column.

Ghosh Sisters

Per pro Bengal Supply Co.

Ltd. or for Bengal Supply Co.

Ltd. or For and on behalf of

Bengal Supply Co. Ltd. or

Bengal Supply Co. Ltd.

According to Sir John Paget the banker cannot disregard the intimation that the person signing does not hold a position consistent with having authority to indorse.

Dutt & Co.

Managing Agents.

For and on behalf of E. T. Co.

Ltd. (in liquidation)

Jagadish Sethi, Liquidator

L. Kuntekar

G. Singh

Executors of the late A. Vora

For self and Co-executor of

the late A. Vora, L. Kuntekar.

For the Executors of the

late A. Vora, L. Kuntekar.

Executor For Self and

Co-executor or

administrator of A. Vora,

deceased, L. Kuntekar.

For self & Co-executor of the

late A. Vora, L. Kuntekar

Executors have implied power to delegate their authority to one or some of their members. No objection can therefore be taken into the indorsement of cheques by one executor, provided he indicates that he is an executor and that he signs on behalf of himself and his co-executors.

Capacity of the person signing as executor must be indicated.

N. Sheth

W. Chopra

} Trustees of the
late Sir Haris
Chandra Bhatt

One trustee cannot sign for all.

Pays**Irregular Indorsements**

N. Sheth & W. Chopra,
Trustees of the late Sir
Haris Chandra Bhatt

N. Sheth
W. Chopra

Trustee of late Sir
Haris Chandra Bhatt

Per Pro, Trustee of the late Sir
Haris Chandra Bhatt, N. Sheth

Official Payee

The Collector of Taxes

Per Pro C. Ghosh, Collector of
Taxes, R. Nayak

Mayor of Calcutta

For Calcutta Corporation
D. N. Mukherjee, Mayor

Miscellaneous

Bearer, My wife
(signed by S. R. Pal)
Selt or order
Income-tax or order

Gouri

Indian Banking Journal

Indian Banking Journal

Khoka Bauri
(when he is illiterate)

K. Pal
For Khoka Bauri

Regular Indorsements	General Remarks
N. Sheth } Trustees of the W. Chopra } late Sir Haris Chandra Bhatt	Signatures must indicate the capacity in which the signatures are made. •
N. Sheth, sole trustee of the late Sir Haris Chandra Bhatt	Trustee cannot delegate his powers unless expressly provided for in the terms of the trust.
C. Ghosh Collector of Taxes	It is necessary to give the official description or designation.
D. N. Mukherjee, Mayor of Calcutta	
Gouri Pal	Requires indorsement of the drawer's wife. Requires indorsement of the drawer. Requires indorsement of the Income Tax office.
Indian Banking Journal K. Banerjee, proprietor Thumb mark (X) of Khoka Bauri	
Witness K. Pal, Doctor, 102, Joy Mistry Lane, Cal.	

BILLS OF EXCHANGE

A Bill of Exchange is defined in the Negotiable Instruments act 1881 as "An instrument in writing containing an unconditional order signed by the maker, directing a certain person to pay certain sum of money only to or to the order of, a certain person or to the bearer of the instrument." The Bill of Exchange offers the advantage to the business people in the following respects :

- (i) It fixes definitely the date at which the money is receivable
- (ii) It offers written evidence of the debt in a convenient form and it gives immediate right of recourse against the parties liable on the bill without any complicated method of evidence in case of its dishonour.
- (iii) It affords the special advantage of making several people liable for the debt without any complicated and costly process.

The forms of Bills of Exchange have been given in the Appendix. The liability of the drawer, payee and indorsers is the same as in case of cheques which has been dealt with before.

Pronote : Bill of Exchange differs from pronote to the extent that it is an unconditional order by the maker directing a certain person to pay the money to the payee, while pronote is an unconditional undertaking to pay the money to a certain person or his order or bearer (Sec 4 of N. I. Act). A cheque is a bill of Exchange but drawn only on a specified banker payable on demand.

Holder—Sec 8 of the N. I. Act 1881 defines "holder" as follows, "The holder of a promissory note, bill of exchange or cheque means any person entitled in his own name to the possession thereof and to receive or recover the amount due thereon from the parties thereto." So a person in possession of a bill of exchange with forged endorsement or by theft can not be regarded as holder.

Amount—Though the law provides that the amount payable should be certain, the provision of instalment or interest does not affect the legality of the document.

Date of Bill & Due Dates—The omission of the date does not render the bill invalid. The date may be inserted by the holder. When a bill is accepted or indorsed, when it is overdue, it should be deemed as bearer so far the acceptor or indorser is concerned. When a bill is not payable on demand and is payable on or after certain days, three days of grace are, unless the bill otherwise provides, added to the time of payment as fixed by the bill and the bill is payable on the last day of grace. If the bill is drawn with the condition "Payable without days of grace" or "Payable on a certain date fixed", no days of grace can be claimed. When a bill is payable by instalment, days of grace can be claimed on each instalment. When a bill is payable so many *months* after date, the due date is calculated by taking into account the required number of months from the date of the bill and adding the three days of grace. The term '*Month*' means a calendar month. Where a bill is payable at fixed *period* after date, after sight or after the happening of the specified event, the due date is determined by excluding the date from which the time is to run and by including the day of payment. When

a bill is payable after *sight* the time runs from the date of acceptance, if the bill be accepted; but if the date of sight does not coincide with the date of acceptance, the due date runs from the date of sight and not from the date of acceptance. When a bill is noted or protested for non-acceptance, the due date runs from the date of noting or protest. Section 66 of N. I. Act requires that the bill must be presented for payment on maturity. The rules for calculating the dates on which an instrument is deemed to be matured, are mentioned in Sections 21 to 25 of the said Act. If the date, on which the Promissory note or Bill of Exchange matures, is a public holiday, the instrument shall be deemed due on the next *preceding* business day. The following list will give the reader an idea about the calculation of the date of maturity.

Date of Document	Payable after	Due on	Remarks
30th Aug.	3 <i>months</i> after date	3rd Dec.	The period shall be held to terminate on the day of the month which corresponds with the day on which the instrument is dated or presented for acceptance or sight; so 3 days plus 30th Nov.
31st Aug.	3 <i>months</i> after sight	3rd Dec.	30th Nov. plus 3 days of grace. Nov. has not 31 days.
20th Jan.	21 <i>days</i> after date	14th Feb.	Exclude 20th Jan. and add 3 days.

29th May.	30 days after date	30th June.	Falls due on 1st July but 1st July is a public holiday.
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Consideration : There must be a valuable consideration for a bill of exchange, but if the words "for value received" is not mentioned in the body of a bill of exchange and actually consideration is passed, the bill is valid.

If a bill of exchange is executed without any consideration but the said bill is further negotiated and subsequent parties hold them in due course, the defence that no consideration was passed as between the "remote parties" and drawer will not hold good. The defence is valid only between the original drawer and drawee. Mr. Justice Lush observed "A valuable consideration in the sense of the law, may consist either in some right, interest, profit or benefit accruing to one party, or some forbearance, detriment, loss or responsibility given, suffered or undertaken by the other". (*Currie v. Misa* (1875, L.B.10 Ex. 162).

The title of a person in a bill is defective if he obtains the bill illegelly i.e. by theft, fraud etc., or for an illegal consideration. But in this case also the defence is good only between the immediate parties and not against a holder in due course, who has no knowledge of any defect in the title of the bill. In the case between *Moulis v. Owen* (1907, I. K. B. 746) in England it was held that if the consideration for a cheque was legal in a foreign country but illegal in England, the action on the cheque can not lie.

Advance against Bills :—When bills are discounted

by banks, the customer's account is credited with the full amount less commission and "Bills Discounted" account is debited. The Banker takes the commission as his interest as he knows that the whole amount will be payable on due date. When a bill exchange is deposited or pledged as security with the banker for any advance or overdraft, the banker is the holder for the value to the extent of the sum for which he has a lien. So if more is realised out of the pledged bill, the banker is bound to refund the excess to the party after receiving his dues from it. At the time of taking the deposit of a bill as security, the bill should be indorsed in favour of the bank by the person depositing the same and the banker should get a memorandum of deposit stating clearly that the bill is pledged as security signed by the borrower i.e. indorser. The banker being the holder in due course should present the bill on due date and in case of dishonour should give due notice to all parties concerned. The banker is warned here that the statutory protection under sec. 131 of N. I. Act does not extend to bill. A banker can always sue for repayment of the overdraft or demand loan before maturity of the bill pledged as its security (*Peacock vs. Pursell* 1863, 32 L. J. C. P. 266).

Domiciled :—When a bill of exchange is accepted payable at a place other than the residence or office of the acceptor, it is said to be domiciled at that place (generally a bank). Though there is no legal obligation, it is the usual custom of bankers to pay domiciled bill as instructed by his customer.

Collection of Bills :—Bills are collected by bankers as agent of their customer or other banks. Generally bills

received for collection are entered by banks under head "Bills for Collection" and debited to a contra account to keep proper record of such transaction. Bill sent for collection remain the property of the customer even if they are endorsed in favour of the bank and in case of the failure of the bank the customer can recover the bill. Of course if the customer is a debtor to the bank against the bill, the bank can recover such dues from the proceeds of the bill. Banker must strictly follow the instructions of his customer or other bankers viz. realise your expenses, deliver documents against payment, deliver against acceptance etc.

General :—The reader is advised to go through the Negotiable Instruments Act 1881, which is annexed with this volume, to know further details of Bills of Exchange viz. liabilities of different parties of the bill, lost bill, negotiation, presentation, payment, dishonour, notice of protest, reasonable time, acceptance or payment for honour, compensation, bill in sets, international law and notary public.

RELATION OF BANKER AND CUSTOMER

Before we proceed further, we must know the legal definition of a Banker and a customer. In Indian Companies Act, Bank or banker has been defined in Sec. 277F. but it relates more to the functions of a Bank than actually defines a Bank. We may sum up the definition of a Bank as "an institution which accepts deposits from the public subject to withdrawal by cheque". Customer must be a regular client of the Bank. If a bank obliges a person casually by cashing a cheque for him he does not become a customer in legal terms. To constitute a customer, there must be some recognisable course of habit of dealing in the nature of regular banking business. It is difficult to reconcile the idea of a single transaction with that of a customer. The word surely predicates, even grammatically, some minimum of custom antithetic to an isolated act. Even a tradesman differentiates between a customer and a casual purchaser.

Debtor and Creditor :—

A bank is not the Trustee of its customers' money as is commonly believed. A Trustee or Bailee is bound to return the same thing to the depositor when asked for. A Bank does not refund the same notes or coins to its customers which they deposit. Only in case of deposits for safe custody or deposits earmarked for certain specific things come within the scope of Bailee and Bailor. In case of regular banking business, the relation of a banker to its customer is a debtor and creditor, when the customer has a credit balance and *vice versa*. As soon as a depositor places his

money across the counter to be deposited and the receiving cashier lays his hand on them, the money becomes Bank's money and even if the customer does not desire to deposit the amount due to any suspicion, the Bank can legally refuse to pay it back, an action however no bank would like to take. Likewise when a bank pays any amount to the customer and the customer has received the amount duly discharging the document, a bank has no legal right to demand it back.

"Money, when paid into a bank, ceases to be the money of the principal. The banker can deal with the money as his own. He is only bound to return back this money when a demand is made for repayment. The relative position of a banker and customer is that the banker is not an agent or factor, but he is a debtor".

When banker is trustee :

The banker is however a trustee of the property or valuables of his client, when those are deposited for safe custody, because in that case valuables are not paid to the bank but they remain the customer's property. Similarly if a customer hands over to his banker a cheque on another bank for collection to be credited to his account and before such collection, the collecting banker fails, the customer is entitled to claim the cheque or its proceeds back, but once the proceeds are collected and credited to his account, he ranks as a general creditor. Likewise the banker is a trustee of a document or valuables left with him inadvertently by his customer.

Customers' responsibility :

The Bank is responsible to its customer for dealing with his account with proper care and pay his cheques

exercising reasonable care and not being negligent in overlooking any material alterations, genuineness of signature etc. Likewise a customer has also some responsibilities. "It is beyond dispute that the customer is bound to exercise reasonable care in drawing the cheque to prevent the banker being misled. If he draws the cheque in a manner which facilitates fraud, he is guilty of a breach of duty as between himself and the banker, and he will be responsible to the banker for any loss sustained by the banker as a natural and direct consequence of this breach of duty. It has been often said that no one is bound to anticipate the commission of a crime, and that to take advantage of blank spaces left in a cheque for the purpose of increasing the amount is forgery which the customer is not bound to guard against. I am unable to accept any such proposition without very great qualification. As the customer and the banker are under a contractual relation in this matter, it is obvious that, in drawing a cheque, the customer is bound to take usual and reasonable precautions to prevent forgery. If the cheque is drawn in such a way as to facilitate or almost invite an increase in the amount by forgery if the cheque should get into the hands of a dishonest person, forgery is not a remote but a very natural consequence of negligence of this description."

Lord Shaw's observations also clear the position further :

"The case must be taken as the simplest one, namely, of a cheque duly signed, forwarded on behalf of the customer to the banker and honoured. There are in these circumstances reciprocal obligations. If the cheque does

not contain on its face any reasonable occasion for suspicion as to the wording and figuring of its contents, the banker, under the contract of mandate which exists between him and his customer, is bound to pay. He dare not, without liability at law, fail in this obligation and the consequences to both parties of the dishonour of a duly signed and *exfecie* valid cheque are serious and obvious. In the second place, if there be on the face of the cheque any reasonable ground for suspecting that it has been tampered with, then that in the usual case, is met by the marking, 'refer to drawer', and by a delay in payment until that reference clears away the doubt. Always granted that the doubt was reasonable, the refusal to pay is warranted. These obligations on the banker do not, of course, exist until after the cheque has been presented.

"Upon the other part there are obligations upon the customer. In the first place, his cheque must be unambiguous and must be *ex-facie* in such a condition as not to arouse any reasonable suspicion. But it follows from that, that it is the duty of the customer, should his own business or other requirements prevent him from personally presenting it, to take care to frame and fill up his cheque in such a manner that when it passes out of his (the customer's) hands it will not be so left that before presentation, alterations, interpolations, etc., can be readily made upon it without giving reasonable ground for suspicion to the banker that they did not form part of the original body of the cheque when signed. To neglect this duty of carefulness is a negligence cognizable by law. The consequences of

such negligence fall alone upon the party guilty of it namely, the customer".

Banker's responsibility :—

The drawee of a cheque (a Bank) having sufficient funds of the drawer in his hands, properly applicable to the payment of such cheque, must pay the cheque when duly required so to do and in default of such payment must compensate the drawer for any loss or damage, caused by such default, (Sec. 31 of the Negotiable Instruments Act).

Dishonour of Cheque

So a Banker must be very careful in returning any cheque of his customer, as the damages may be too high according to the status and financial position of the customer even if the actual loss may be small. In *Davidson vs. Barclay's Bank Ltd.* (1940, 1 All.E.R. 316,) the plaintiff, a credit bookmaker was awarded £250/- damages for the wrongful dishonour of his cheque for £2-15-8.

Knowledge of signature

A Bank is bound to know the signature of its customers, as it keeps the specimen signature of the clients. But a Bank is not supposed to know if the endorsements on the back of the cheque are genuine or not. Sec. 85 of the Negotiable Instruments Act. 1881 subsequently amended in 1934 says : "Where a cheque payable to order purports to be endorsed by or on behalf of the payee, the drawee is discharged by payment in due course." Sec. 10 of the said Act explains that "payment in due course means payment in accordance with apparent

tenor of instrument, in good faith and without negligence, to any person in possession thereof under circumstances which do not afford a reasonable ground for believing that he is not entitled to receive payment of the amount therein mentioned".

In *London and River Plate Banks vs. Bank of Liverpool*, Mathew, J., held that if the forgery is so cleverly executed that a banker cannot with ordinary diligence discover the forgery, he cannot possibly be made liable on the grounds of negligence.

Proper identification necessary. Before opening any account, the Bank should take proper care to get proper introduction of the party. (*Hampstead Guardians vs. Barclay's Bank*, 1923, 39 T.L.R. 229). Otherwise the Bank may be liable to any third party whose cross-ordered cheques may be cashed by a thief through the Bank.

In *Ladbroke vs. Todd*, a thief opened an account with a banker professing himself to be the payee. Negligence in not having the customer suitably introduced to the banker was held to be sufficient to deprive the banker of his statutory protection. In yet another case, a reference was given by the customer; failure to trace properly this reference was held to constitute negligence on the part of the banker.

While opening account of a person, who is an employee of somebody, the banker should ascertain the name and other details of his employer and in case of married women, details of her husband's employer should be ascertained, so that the banker may be forearmed against

any fraudulent transaction by the customer with his employer's funds (Lloyds Bank *vs.* E. B. Savry and Co. 1933, A. C. 201)

But once an account is opened a Bank has no right to close it without reasonable notice to the customer (Prosperity Ltd., *vs.* Lloyds Bank Ltd.)

Interest :—Banks in India usually charges monthly interest on overdrawn amounts in current account. But unless there is specific agreement for this, the bank is not entitled to do this. By practice, in absence of any agreement to the contrary, bankers may charge interest half yearly *i.e.* with six monthly rest on all debts.

Secrecy—There is an obligation on the part of the Bank to maintain secrecy regarding the state of accounts of the customer. This obligation does not cease even after the account is closed by the customer. But there is the custom of asking and passing opinion as to the standing and credit of the customers among the bankers. In this case a bank is not supposed to give its opinion after any enquiry regarding the party from outside but should only give such information as is obtainable from the state of his accounts with the Bank. (Persons *vs.* Barclay & Co. and another). If the bank gives too favourable opinion he may be liable to the banker to whom he passes the same, likewise if he gives a damaging opinion he may be liable to his own customer for damages. Only in following cases a bank is entitled to divulge the state of its customers' accounts ; (a) where disclosure is under compulsion by law, (b) where the interests of the bank require such disclosure, (c) where such disclosure is

desired by the customer, (d) where for the public interest it is thought a duty to do it.

Bank's responsibility for pass book entry.

A bank is responsible for the entries in the pass book. If any wrong entry is made by any clerk of the bank, the bank is bound to honour the cheques drawn by the customer even if actually his balance is less. Sir John Paget observes : "The proper function of a Pass Book is to constitute a conclusive, unquestionable record of the transactions between banker and customer and it should be recognised as such". The customer also cannot reopen the question if he confirms his balance. Hence it is advisable for banks to get all balances periodically confirmed by the customers.

Limitation—Though the relation of a banker and his customer is that of a debtor and creditor, the law of limitation does not apply to this debt in the same way as of promote etc. An amount in current savings or fixed deposit may remain idle for 10 years or so but the banker cannot refuse payment of the same on the ground of limitation. Article 60 of the Indian Limitation Act provides a period of three years from the time when a demand is made by the customer. Time does not begin to run until demand is made even in the case of valuables left with the bank for safe custody.

Bank's responsibility with regard to cheques, Bills etc., have been discussed in the previous chapters.

Banker's Lien—Under sec. 171 of the Indian Contract Act 1872, the banker has got a general lien over goods left with him by a customer in his capacity as a banker

in absence of any agreement to the contrary. (Brandao vs. Barnett 1864, 3 CB, 519). He can exercise a lien on the credit balance of one account against a debit balance on another account of the same customer, provided, however, that the various accounts are maintained by the customer *in the same rights*. The banker's General lien confers upon him the right to retain securities goods etc. in respect of the general balance due by their owner to the banker unless there is a contract, express or implied, inconsistent with such lien. Generally no agreement is necessary to create the general lien, as under Sec. 171 of the Indian Contract Act such an agreement is implied. The following are the main points to be noted to exercise the general lien (a) the property should be with the banker in his capacity as a banker and the possession thereof should be lawful, (b) there should not be any entrustment for a special purpose inconsistent with the lien (c) there should not be any agreement contrary to the lien and (d) banker must not have any knowledge that the account is a trust account or trust property. No lien can be exercised, on the debit balance of a private account against a credit balance in a joint account. The right to set off one account against another can exist only when the accounts are held by the same parties and in the same rights. One man's debt cannot be set off against another man's assets. Even the banker has not got a right of set off in respect of a loan account against the current account of his customer without giving reasonable notice. The customer can withdraw the entire balance at credit of his current account, notwithstanding any contingent liabilities on a loan account or on bills discounted. The

underlying principle here is "A debt accruing due cannot be set off against a debt already due." As a safeguard against this legal difficulty to set off dues on different accounts and rights, it is advisable for bankers to take a letter of set off from the customer at the time of opening different accounts by the same party in different capacity.

The Banker can combine two accounts at different branches, whereas a customer, in the absence of a special agreement to the contrary, cannot exercise this right. It is however the customer's right to direct his banker to credit his specific account with the money he pays and the banker cannot ignore such instruction. But in absence of any such instruction the banker may appropriate the amount at his discretions. But when neither party use any special discretion, the rule in Clayton's Case, that a payment shall discharge the earliest debt wheather of the customer or of the banker then remaining unpaid, will apply. A banker should remember this principle of the clayton's rule (*Deeley. vs. Lloyds Bank* (1912 A. C. 756).

Banker as bailee.

The relationship between a banker and customer in respect of articles left for safe custody is that of bailee for reward. The banker should exercise all reasonable precautions which a prudent banker would normally take with regard to goods if they were his own personal property. In the case of articles left for safe custody no lien will attach to such articles, but in the case of securities held against advances a lien does exist. In the case of foreign bonds, etc., with coupons attached, left for safe custody, lien will probably be exercised by

the banker if he himself has access to the bonds and cuts the coupons and presents them for payment as collecting banker. In the case, however, where the customer himself cuts these coupons and hands them over to the banker, no lien will attach in the case of the bonds themselves but the banker will have a general lien on the coupons.

Lien. A lien gives the right to a person in possession of the property of another person to retain possession until a debt owing to him has been discharged. Unless therefore, there is a special agreement to the contrary, a banker has the right to retain securities in his possession belonging to the customer. Sir John Paget observes in his Law of Banking : "A mere lien gives no power of sale and no ground for applying to a Court to grant such power. The only method of realising securities held under such lien would seem to be by recovering judgment for the debt and then taking the securities in execution. An exception exists where the rules of the Stock Exchange attach a power of sale to the lien". So the distinction of lien and pledge is not material in case of bills, notes, cheques which under sec. 43 of the Indian Negotiable Instruments Act 1881, the banker is holder for value to the extent, the amount for which lien exists and can realise them when due. Likewise a banker can sell other negotiable instruments in default of payment in due time or after reasonable notice. (*Burdick vs. Sewell*. 1884, 13 QBD 159). But if the securities are placed in banker's hands for any special purposes, the banker cannot exercise the right of lien. The banker's right of lien is not barred by Law of Limitation.

Banker's liability under sec. 129 of N. I. Act.

Any banker paying a cheque, crossed generally, otherwise than to a banker or a cheque crossed specially otherwise than to the banker to whom it is crossed or his agent for collection being a banker, shall be liable to the true owner of the cheque for any loss he may sustain owing to the cheque having been so paid. This is perhaps the only instance where a banker can be held liable for conversion, to a holder in due course, as in all other cases, the privity of contract is between the banker and his customer and not between the banker and the payee.

Banker's Advice—A banker is not supposed to advise his customers in matters of investments. But if he does so in consequence of which the customer suffers any loss, the customer may hold the banker responsible for any loss he may suffer due to the banker's advice. (*Banbury vs. Bank of Montreal*). So a banker must exercise great care and prudence in advising his customers regarding sale or purchase of shares etc.

BRANCH BANKING.

The banks today have a great tendency for opening branches. Old and established banks of repute are today as much eager to open new branches as new banks.

Branch banking has two different aspects. Branches are the sources of drawing deposits as well as making investments. But branches also mean expenses. If branches are opened indiscriminately without properly looking to the income out of them, the bank is sure to face crisis in near future. Of course many banks now-a-days open branches suffering loss for a year or more with the hope of making profit later on. This cannot be said wholly unbusinesslike but the grave danger lies in foreseeing the future prospect. If the foresight proves wrong by any chance, the branch becomes a source of permanent loss.

It is not possible to give any ready-made formula by which it can be ascertained whether a branch should be opened or not, but the following hints may be useful in the matter.

It is better to avoid opening branches, where there are already too many banks. It is often said that the existence of too many banks is a proof of the bank-mindedness of the people, so an additional bank will get better advantage there instead of a place where there is no bank at all. To certain extent this may be true, but the potentiality of the place has a limit. If the demand

is amply met by the existing banks, a new branch will only spoil the work of the existing banks without any material benefit to the new comer. Over-banking results in untair and unhealthy competitions. Shrewd and dishonest people take advantage of this competition and exploit the banks. Rates for collection of bills, Demand Drafts etc. are unprofitably reduced by the banks due to competition and thereby the profit is reduced. The expenses are generally high where already too many banks are existing. So care and prudence should be exercised before opening new branches in big cities.

At the same time, still there are too many towns and big markerts throughout India, where a bank is greatly needed. The maps published by the Reserve Bank of India annually are good indexes to this. It is much better to send a reliable and experienced agent to find out these places, than to open a branch in unproductive area and suffer recurring loss. Branches in good places are really a source of profit and strength to the bank.

After the selection of the place, the next important thing is the selection of the man, who will be incharge of the branch. Much depend on the man, the progress and developement of the branch. Instances are many, where a small bank of lesser standing has successtully competed an old established bank only with the help of a capable agent. An honest capable and influential hand is a very valuable asset for a bank.

Branches should work in complete co-ordination with the head office and other branches. Branch returns should regularly come to the head office. Laxity in this may lead to very serious loss to the bank. Branch inspection

at regular intervals and surprise visits are also essential. Often, in the history of banking, it has been found that one branch was the cause of collapse of the entire bank. A single fraud in a branch may wipe off the entire profits of years to come. It is better to grow slowly, than to face liquidation by venturing to open branches without proper men to look after them.

BANK FRAUDS.

Without trying to explain by illustration the various frauds commonly attempted on banks, I give below in brief some of the *modus operandi* so that bankers may be on their guard.

1. Specimen signature of the constituents is changed by some clerk and forged signatures are put in its place and then constituent's funds are drawn by cheques with the new signature. So proper care should be taken to prevent this.

2. Keys of safe and strong room should not be with one officer. Keys should be with responsible officers, but in such a way as none of them may alone open the safe or strong room. Opportunity often tempts honest men to commit dishonesty. Also a thief may not play mischief, if he gets hold of one set of key from one officer by hook or crook.

3. Credit slips or vouchers may be changed and false credit may be given or credits may be given to other accounts, which may be operated by the thief or his accomplices.

4. Securities may be changed or returned by bank staff without repayments of loan. Cases are not rare where sand is replaced for sugar, jute waste for cloth in bales, in collusion with the godown keeper or Darwan.

Negligence of banks in keeping proper time in the clocks, sending cash outside the bank, scrutinising life

policies, shares, G. P. notes etc. before taking them as security, parting with them temporarily at the request of the debtors, wrongful conversion of cheques by realising cheques, drawn in favour of companies or firms and crediting them to individual's accounts, inadequate stamps on documents, negligence in opening accounts without proper introduction or making payment of drafts etc. without advice or proper identification, negligence in proper and regular checking of the ledgers and summation totals are some of the common factors whereby banks suffer heavy losses. So the bank executives should exercise great care to find out agents or managers who are not only honest but who are competent enough to see that the internal management and routine works are regularly and properly done, so that no loophole for fraud is easily available to the crooks, who are always in the look out of the opportunities to defraud banks, big or small.

DUTIES AND RESPONSIBILITIES OF OFFICERS.

Agent.

1. Knowledge of Enactments :—

Agents shall make themselves thoroughly acquainted with the following Indian Enactments.

- (i) Reserve Bank of India Act and the Regulations governing the relations of Scheduled Banks with the Reserve Bank of India.
 - (ii) The Negotiable Instruments Act.
 - (iii) The Stamp Act and the various Provincial Amending Acts.
 - (iv) The Indian Companies Act.
 - (v) The requirements of sections 18 (3)-A, 19-A, 20, 20-A and 21 of the Indian Income-tax Act.
 - (vi) The provisions of any of the Provincial Enactment such as the Money Lender's Act, General Sales Tax Act, which impose any special obligations on Banks and regulates loans.
 - (vii) Government Securities Manual.
- Amendments to any of these Acts should be accurately incorporated in the office copies.

2. Responsibilities and Duties of Agents.

Like manager of the head office, Agents are responsible for the general conduct of the business of the branch. They should see that advances are made against approved securities with proper sanction

from Head Office, that statutory requirements are carried out; and that the business of the Bank is transacted on sound and proper lines. He should ensure that strict discipline is maintained in the office and that customers of the Bank are attended to promptly and treated courteously by all members of the staff.

3. *Discretionary Powers* :—

The discretionary powers of the Agent of the Branch as regards the granting of advances are as under :—

- Government Securities Rs.
- Other approved securities (Mortgage excepted) Rs.
- Documentary bills Rs.
- Clean Temporary Advances, and purchases of
cheques and clean Bills Rs.
- The total of clean temporary advances shall not
exceed in the aggregate Rs

NOTE :—The limit of the amounts should be fixed by the head office as it thinks fit.

4. *Key Book* :—

The Agent of every Branch shall maintain in his sole custody a book which shall be known as the Key Book in which shall be listed the number of keys pertaining to the strong room, if any, safes and cabinets, and the distinctive number thereof, the names of custodians of the original keys and the names of the Bank or Branch with whom the duplicate keys are lodged for safe custody. The relative Safe Custody receipt should be produced when demanded by the Inspection officer of the Bank. Copies of all entries in the Key Book should be sent to Head Office for information and record.

5. *Duplicate Keys* :—

Duplicate Keys or any valuable articles belonging to Bank lodged with another Branch or Bank for safe custody should no time be lodged or recalled from safe custody except on the joint signature of two officers of the Bank.

6. *Agent's Diary* :—

Branch agents must write up a diary each day of any business done by them showing their market reports and recording all informations of any value to themselves and/or other offices. They should record in this diary such topics as what their competitors in the station are doing and quote forecasts of out-turn of crops, weather conditions, cautionary advices regarding their parties and any other matter of interest at branches, which will indirectly affect business generally. Branches dealing in foreign exchanges should note in their diary the daily purchases and sales of the currencies they deal in and the extent of their overbought or oversold position in these currencies. These daily notes should be sent out as a weekly letter of diary to Head Office, who will extract there-from any information of interest for circulation to other branches. These notes would also form the basis of a half-yearly report which the Agent should send after the closing of accounts every half-yearly.

7. *Staff Register* :—

The agent of every branch shall cause to be maintained a Staff Register, preferably in loose leaf form, giving all the particulars about his staff.

8. *Departmental Instructions Book :—*

Agents of branches shall arrange to have a Departmental Instructions Book kept in each department. In this book will be entered all periodical Head Office instructions in so far as they pertain to the department. and any other special instructions and memoranda as to how the business relating to that particular department should be conducted. When an officer hands over his department to another officer this record would form the basis of instructions governing the work of that particular department.

9. *Conveying of Cash out-of doors :—*

Agents of branches should constantly have under their scrutiny the system of conveyance of cash between the bank's office and other banks or Currency office or any other place and satisfy themselves that the precautions taken for safety are sufficient.

10. *Custody of Bank's investments etc.*

The Agent and the accountant of every branch shall hold joint custody of securities forming part of the bank's Investment portfolio.

Certificates or other acknowledgments for securities lodged with other banks should be filed carefully. Interest on bank's investments should be regularly realised. Securities forwarded to the Public Debt Office or to the Controllers of Finance of State and foreign Governments for collection of interest, renewal, enfacement, splitting, consolidation or for exchange into stock certificates should be listed in a register and

the temporary receipts or acknowledgments thereof carefully preserved and exchanged for the securities with the minimum of delay.

11. *Government Securities to be kept clean.*

Officers incharge of securities should be alive to the importance of keeping the bank's holdings of Government Securities absolutely up-to-date and in first-class condition so that in the event of necessity arising for selling the holdings or lodging them as security for accomodation they would be unhesitatingly accepted by the Public Debt office or any bank. In particular it should be seen that the endorsements are absolutely in order and verified by the Public Debt office, that all the endorsements cages are not permitted to be filled up, that notes are promptly renewed when required and that a large number of small pieces are not kept for any length of time but arrangements made promptly to consolidate them.

12. *Registration of powers of Attorney of officers with Public Debt Office.*

Offices which are in the habit of dealing with large amount of securities either on bank's account or for account of customers should note that in order to avoid trouble regarding endorsements on account of objections by the Public Debt Office, the power of attorney of the officers of the branch should be registered with the Public Debt Offices, in Bombay, Calcutta and Madras and Delhi. No officer should put his signature to an endorsement on a Government Promissory Note if his Power of Attorney is not registered with the Public Debt Office.

13. *Government Securities to be sent to Head Office in certain Case.*

If an officer of a branch whose power of attorney does not authorise him specifically to buy, sell, endorse and negotiate Government Securities, or whose powers though containing this clause, is not registered with the Public Debt Office as aforesaid finds it necessary in the ordinary course of business to endorse Government Securities, he should send the bonds to Head Office for endorsement by a properly authorised officer.

14. *Safe Custody.*

Branches equipped with fire and burglar resisting strong rooms may accept articles for safe custody. The details of construction of Strong Rooms are given elsewhere in this volume.

15. *Surprise Check of Cash by Agent :*

The Agent shall effect a surprise check of Cash at least once a fortnight and sign the daily Cash Balance Book as a token of his having checked and verified the cash balance and found it correct. This balance should be agreed with the balance of cash as shown in the General Ledger and the Clean Cash book for the checking date. Vouchers or uncleared cheques should on no account be listed as part of cash but should be entered separately and those items should be very carefully scrutinised and the agent should satisfy himself that the items have been received in the ordinary course of business and that no overdrafts have been allowed against such uncleared items. The agent should send a certificate to Head Office the same day or the following day of his having checked the cash and found it correct and attach

to the Certificate an abstract of cash balance and of all vouchers and uncleared cheques, if any.

16. *General :*

Agent of branches and officers incharge of departments are themselves responsible for the system under which they manage the branch and/or the departments. Should in their opinion any part of the system be defective the Agent or the Officer, as the case may be, must immediately inform the Head Office or the Branch Agent, and put forward suggestions, if any, to correct the defect. But no system should be altered without the previous consent of the Head Office. Officers working under defective system of check in any department should be held personally responsible, should a mistake occur, as the first duty of an officer in whose charge a department has been placed is to see that he has full command and control over the same and that the working is carried under a system of safety and that no voucher or document of any kind or value whatsoever can be effectively passed through his department without his full knowledge. All debit vouchers must be initialled by the Agent as well as by the officer-in-charge of the department. No document which commits the bank to any indemnity, guarantee or other liabilities, other than confirmation of endorsements of parties known to the officers of the bank, should be signed except with the previous sanction of Head office or as per its previous instructions. All new business offered to the Bank, except the opening of Current Accounts with credit balances, Fixed Deposits, and such like ordinary business, should be referred to the Agent. All letters should be signed by the Agent or the Accountant.

17. *Absence from the Station :—*

Agents shall not be absent from their station overnight without the previous sanction of Head office.

Cashiers and Accountant of the Bank shall not be absent from their station without the previous sanction of the Agent.

No employee shall leave his station on holidays or half-holidays without the permission of his immediate superior officer, previously obtained and without entering his full address during such absence from station in the Staff address Book.

Co-operation of Officers for the protection and promotion of Bank's interests.

It is the duty of every individual officer at once to report to Agent any business transacted or proposed to be transacted by the office, which in his opinion, is unsuitable or unsafe, as well as any matter which might come to his knowledge, either inside or outside the office affecting the means, character and stability of customers.

Accountants.

Accountant is responsible for seeing that the account books and records are maintained properly, that the books are balanced daily or weekly as prescribed, periodical returns are submitted in time to Head Office or General Manager, as the case may be.

1. The Accountant shall have the custody under lock and key of the following books and forms :
 - Cheque Books
 - Pay Order Books
 - Other Bank's Cheque books
 - Draft and Fixed Deposits forms
 - Stamps and stamped forms

The Accountant shall also be responsible for the recovery of the value of any spoilt stamped forms.

2. *Alteration* :—

To ensure as infallible a check as possible on the bank's books, it is essential that any alterations should be initialled by an officer and failure to have the same authenticated by the initials of an officer should be severely dealt with. Painting of figures is absolutely forbidden and if figures have been incorrectly down, they must be neatly scored and the correct figures are to be written above them and the alteration should be immediately initialled by the officer concerned.

4. *Illness of officers* :—

In case of sudden illness of the Agent, the Accountant shall report the fact to Head office and carry out the duties of the Agent pending further directions from Head office. During such period he may exercise the discretionary powers granted to the Agent as regards secured advance only. (Powers may be regulated by the Head office according to individual merits).

5. *Specimen Signatures* :—

Specimen signatures of officers of Head Office and branches should be carefully filed and they should be kept in such a manner that they will be readily available when asked for by the bank's inspector. These cards are confidential documents and must be kept in a place of safety under lock and key in the custody of the Agent or the Accountant.

CASHIER AND THE STAFF OF THE CASH DEPARTMENT.

The Cash staff shall consist of :—

1. A Receiving Cashier
2. A Paying Cashier
3. A Cheques Receiving Clerk
4. A Clearing House Clerk

Receiving Cashier

The Receiving Cashier, in addition to his Counter Cash Book, shall maintain a Scroll Cash Received Register. When cash is received from a customer for credit of his current account or in payment of bills or any other accounts whatsoever or is tendered by a department of the bank, representing cash received by mail, he shall examine the voucher and see that date, the amounts, the total and the amount in words and figures are in order, enter the date and the amount in the appropriate columns in the Counter Cash Book; and enter the name of the account and the amount in the Scroll Cash Received Book. He will sign the Cash voucher in token of his having received cash, enclose the voucher in the Counter Cash Book and send it along with the Scroll Cash Register to the Cashier. The Cashier will after checking the voucher, sign it in full and initial both the books return the Counter Cash Book to the Receiving cashier and send the voucher enclosed in the Scroll Cash Received Register to the officer in charge of the department to which the credit relates. (In practice it may be found convenient to send four or five credit slips at a time but no credit slip should be detained more than 10 minutes

in the Cash Department). The Scroll Cash Received Book will be returned to the Cashier by the officer to whom it was sent duly initialled by him in token of his passing the vouchers and by the clerks of the department in acknowledgment of the vouchers.

Cheque Receiving Clerk.

When cheques are handed in along with pay-in-slip book to the Cheque Receiving Clerk, he shall examine every cheque to see that the date, the amount in words and figures and endorsements are correct and that the cheque if drawn on a Clearing Bank, is crossed either generally or specially, in favour of the Bank being lodged. It is not desirable to accept uncrossed cheques for credit of an account and later affix the Bank's crossing stamp. If several cheques are listed together he should satisfy himself that they are cheques of the same class, i.e., that cheques on clearing banks, cheques on yourselves (transfer) and outstation cheques are listed separately. He must check each entry with the cheque amount, verify the total and see that the words and figures on the cheques do not differ.

After all the foregoing instructions are complied with, he will :

1. In case of clearing cheques, affix the Bank's first clearing or second clearing stamp, as the case may, be on the body of the pay-in-slip ;
2. In the case of cheques on yourselves, the transfer stamp with the receiving date should be stamped on the voucher and across the counterfoil ;

3. In the case of collections, the received date stamp is to be affixed. He will then enter the appropriate details as required by the various columns of the Cheques Received Book posting the amounts under the appropriate Clearing, Transfer or Collection column; also enter in the Short Credit Book the name of the account and the amount under the columns Clearing, Transfer or collections and forward the two books to the Cashier. The Cashier will return the Cheques Received Book to the Cheques Receiving clerk and send the Short Credit Book with the Cheques and vouchers to the Clearing House Clerk. The Clearing House Clerk will detach the credit voucher from the clearing cheques only, initial for them and return the book with the clearing voucher and the transfer and the collection credit vouchers and cheques to the Cashier, who will now send the book to the officer-in-charge of the Current Accounts to deal with clearing, and transfer vouchers and cheques received for credit of Current Accounts and to the officers-in-charge of other departments in the case of other credit vouchers. The officers concerned, after passing the credit voucher will pass the vouchers on to the clerks concerned, taking their initials in acknowledgment of the vouchers, themselves initial the books in token of having passed the vouchers and return the book to the Cash Department.

No Cash shall be received by any clerk or officer of the Bank except the Receiving Cashier.

Cheques and cash remittances received by mail by the Loan, Securities, Bills, Current Account, Branches and other departments of the bank and cheques received from customers directly by any of these department will be

entered in a proper departmental scroll book and sent out to the Cashier, who will initial the Scroll Book in token of his having received the amounts ; such cash and clearing cheques will in turn be handed over to the Receiving Cashier and the cheques receiving clerk and the subsequent procedure in dealing with these items will be identical with that laid down in the preceding paragraphs.

At the end of the day, the vouchers should be checked with the departmental transfer books (for transfer and collection items) with the Short Credit books and In-clearing lists for clearing items, with the Scroll Cash Cheque Register and the Scroll Cash Received Book for the cash items, and handed over to the Day Book and Supplementary Cash Book writers. Clearing cheques returned unpaid by other banks should be marked out of the Short Credit Books and Cheques on yourselves returned unpaid should be marked out of the In-clearing lists.

Cashier's Responsibility :—

The Cashier shall be responsible to the Bank for the safe custody of all bullion, coin, hundies, cash, bank notes, Company papers, Government salary bills, bills of exchange, promissory notes and all securities of vouchers for money and deeds, documents, and writings of any kind whatsoever and for all jewels, and other property of or belonging to or deposited with the bank which shall in any manner from time to time come into his control or custody as such Cashier or into the control of his staff as aforesaid and shall also be responsible for any loss occasioned to the bank by delivery to the bank of bad base coin or money or any forged or fraudulently

altered currency notes or by reason of the payment of any money, securities for money, or delivery of property or effects being made to wrong parties owing to mistake, fraud, or otherwise, provided always that the Cashier shall not be responsible for loss or damage occasioned by act of God, fire, robbery, or violence of any army or mobs or dacoits or burglary on the bank's premises. The Cashier in addition to his personal responsibility to the bank shall be liable to make good to the bank all loss and damages caused to the bank by an act of commission or omission, fraud, mistake, or default of any kind whatsoever of the assistants, clerks, peons and the general staff of the Cashier's department.

The Cashier shall also be responsible to the bank for such further matters, acts and things as may be defined in his Agreement, if any, with the bank.

Balance with other Banks :—

Bank balance as appearing in the General Ledger should be reconciled daily by the cashier with the Bank Pass Book. Where this is not possible in the case of small Branches maintaining accounts in outstations, reconciliations should be done at least once a week and a proper reconciliation statement book should be maintained.

Daily Checking of Cash :—

At the close of business every day the Accountant in the case of branches and the prescribed officer in the case of Head Office shall count the cash, cheques, foreign currency notes, bills of exchange and other equivalents of cash. The cash box shall be deposited in a safe, one key

of which shall be in the custody of the Agent (Accountant in the case of Head Office) and the other in the custody of the Cashier.

When cash is checked at the close of business, the checking officer should ensure that no other person is in reach of or handles bundles of notes once counted by him and that he is in no way disturbed while the cash is being checked by him. A fresh tally of counted bundles should be taken before they are actually put away and locked up. Cases have occurred in banks and in Government Treasuries of bundles of notes having been abstracted from custody after having been counted by the checking officer while the officer's attention had been temporarily diverted for the moment, when closing the cash after the day's work and prior to the note box being locked up in the strong room.

Receiving Cash Across the Counter :—

Branch Agents and Accountants should see to it that instructions are given that no member of the staff other than the Receiving Cashier should receive money over the counter from constituents for any purpose whatsoever. A notice should be posted up in the premises in a prominent place requesting the public to hand all moneys to the Receiving Cashiers only. Slips should be printed and posted in all savings Bank and Currents Account Pass Books drawing the attention of constituents to the rule that the moneys remitted to bank should either be sent by registered cover or should be handed to the Cash department, as no individuals outside the Cash Department have authority to receive cash.

Payment by Cashiers to employees of the Bank.

Agents of Branches shall see to it that cash is not paid by Cashiers in connection with the payment of any cheque to the employees of the bank, as that may lead to fraud and encourage other mal-practices,

Ledger Keeper's Duties.

Each Ledger Keeper is responsible for keeping and correctness of his ledger ; also for the returns relating to his ledger. He is also responsible to take care that his ledger is correctly balanced every week and on the last day of such month and at such intervals as may be ordered by the Manager and/or the Accountant.

Each ledger will bear a number according to the position in the alphabet of the initial letters of the name it contains.

Each account must be neatly headed up and full details of address, business, occupation (and in the case of the account of an employee, the name of the employer), etc., of the person, firm or company in whose name the account stands and full particulars regarding operations on the account, rates of interest, limit of overdraft, limit upto which credit interest is allowed; cheque numbers of the cheques in the last cheque books issued, and any other relevant details must be set forth in the ledger heading and must be initialled by the Assistant Accountant. All these particulars should be carried forward at the top of each new page to which the account is carried over.

The following points must be noted by Ledger Keepers :—

1. Good hand-writing is essential. Figures must not be run into one another and the writing must be plain without flourishes.
2. Overwriting of figures is strictly forbidden. When a figure has been wrongly entered, it must be neatly scored and the correct figure entered immediately over it and the Assistant Accountant must be called for to initial the correction.
3. Before making any new entries for the day, the ledger keeper must make sure that all the entries of the previous day have been checked and initialled by the checking officer.
4. Each Ledger Keeper must look carefully at the cheques or credits he is posting, see that they are going into the right accounts and watch that the serial cheque number corresponds with the cheque book issued.
5. Ledger Keepers must sum up the debit and credit side of their ledger account daily and check with the balances. Previous day's pencil mark should be erased.
6. Balances at the close of business every day shall be written in words in the particulars column preceded by the word "debit" or "credit" as the case may be.

7. Summations at the foot of each page must be inked in and ruled off neatly with a ruler. No lines must be drawn free hand.
8. Interest products must be kept up-to-date.
9. When a new cheque book is issued, a note of the numbers must be inserted in the ledger heading. This must be initialled by the Assistant Accountant at the time of issuing the book.
10. Each constituent's name should be written in full at the top of the page and his last address noted correctly.
11. The greatest attention must be paid to the memoranda containing particulars of cheques, payment of which has been stopped. When an account is carried over to a new page, care must be taken to see that the Stop Memos are also carried over and attached to the new page.
12. All accounts in the ledger should be properly indexed and should be verified every year when a new ledger is opened.
13. The opening balance of every account at the beginning of the year should be written in words in the particulars column.

Abstract Book

Each Ledger Keeper must keep a book in which he shall enter daily the totals of sums paid into and sums drawn out of accounts in his ledger. These figures are the daily debtor and creditor summations of the Supplementary Cash Book relating to the Ledger concerned.

and will be compared daily by the Assistant Accountant who will initial the Ledger Keeper's Abstract Book. The difference between the sums of the debit and credit entries in this book plus or minus the balance of the ledger as shown on the last date on which the ledger was balanced shows the balance of that ledger on any given date.

Posting of Cheques

Although the Assistant Accountant is charged with the duty of passing the signatures and cheques referring to his ledger, the ledger keeper is also responsible for seeing that the essentials of all cheques are correct before posting them in the ledger.

The essentials are :

1. Signature.
2. The Date.
3. Amount in words and figures.
4. Endorsement.
5. Whether the cheque bears any crossing, special or general.
6. That in case of clearing cheques, the cheque bears the clearing stamp of the bank from which it has been received.
7. That the numbers of the cheque agree with those marked on the ledger heading.
8. That no notice of death, insanity or insolvency of the customer has been received.
9. That the payment of the cheque has not been stopped by the drawer.
10. That the account has not been garnished.

Tokens :

Ledger Keepers are responsible for the tokens in their possession. Every morning a supply of tokens will be handed out to each Ledger Keeper by the officer in charge of tokens who will keep particulars of the numbers of token handed out to each Ledger Keeper. The Ledger Keeper must keep in his Scroll Cash Cheque Register a careful note of the number of each token handed out against a cash cheque. In the evening he must hand over his book together with the tokens which remain in his possession to the officer in charge of the tokens, who will check the same and initial the book. Ledger Keepers are on no consideration whatsoever to interchange tokens with other Ledger Keepers. Should the supply given to them in the morning be found to be insufficient they must produce their books to the officer in charge of the tokens, who will, if necessary, furnish them with a further supply.

How to Deal with Cash Cheques

When a cheque is presented for encashment, it will be handed to the Ledger Keeper in whose ledger the drawers account stands. The person who presents the cheque will be handed a token in exchange, the number of which will be entered on the back of the cheque. The Ledger Keeper will thereupon examine the signature and forward the cheque to the Assistant Accountant, who will verify the signature and if the same is correct, initial the cheque in red ink just above or below the signature and return it to the Ledger Keeper at once.

The Ledger Keeper having examined the essentials of the cheque and having found them in order will post the

cheque in the ledger and mark on the cheque the number of the Folio of the ledger in which it is posted. At the same time he will impress the cheque by means of a rubber stamp the words "Pay Cash" and add his initials.

The cheque will then be entered in the Scroll Cash Cheque Register and placed on the Assistant Accountant's table.

Return of the irregular Cash Cheques.

If any cheque is found to contain an irregularity, the Ledger Keepers must pin on it the return slip giving details of the irregularity and in the case of Cash Cheques, they must enter the particulars of the cheque in the "Cheques Returned Book" and send the book and cheque to the Assistant Accountant who will initial the slip attached to the cheque and then see that the cheque is returned at once to the party who presented it and the token taken back.

Posting of Cheques and Vouchers :

The Ledger Keeper in every instance when posting debit or credit Vouchers or Cheques (Cash, clearing or transfer) in any account in his ledger must see that such debit or credit vouchers or cheques bear the number of the ledger in which they are being posted. If they do not bear such number it is his duty to impress the number on the slip or cheque being posted. Failure on the Ledger Keeper's part to see this part of his duty performed may lead to the voucher being entered in the wrong Supplementary Cash Books and thus causing necessary trouble to the officers checking Supplementary Cash Books with the ledgers on the following morning.

No credit slip of any sort whatsoever be posted in any ledger unless it bears the signature or initials of the Assistant Accountant.

Clearing Cheques :

When the cheques on yourself received in the clearing are handed over to the Current Account Department after the signatures have been duly passed by the Assistant Accountant, the Ledger Keepers must proceed to post them as expeditiously as possible.

Cheques Creating Overdrafts.

After having examined the essentials of a cheque, as laid down in the rules regarding cash cheques, if it is found that any cheque, whether cash, clearing or transfer, if posted would create an overdraft on the account on which it is drawn, such cheques must be immediately entered in the 'overdraft cheques-referred-book' together with details of any short credits or other amounts which, to the knowledge of the Ledger Keepers, will be credited to the account later on realisation, and there-after send with the Overdraft Cheques-referred-book to the Accountant, who, after having satisfied himself that the securities held by his department are adequate to cover the overdraft or that the customer has been authorised to overdraw, will put his initials in the Book and the cheque and return them to the Ledger Keeper and the Ledger Keeper will post the cheque in the relative account in the Ledger and mark on the cheque in red ink the letters "O. P" meaning Overdraft passed.

Transfer Cheques

Transfer cheques must receive the same due attention as Cash and Clearing Cheques. All Transfer

Cheques will have to be impressed with a rubber stamp stating the name of the department to which they refer. If they do not bear such a stamp, the Ledger Keeper must arrange to have the same impressed on the cheque before posting it.

Return of Clearing Cheques

The Ledger Keepers must bear in mind that if it is necessary to return any cheque for any reason the same must receive their attention at once, and each returned cheque must be treated individually and on no account held back until such time as the Ledger Keeper has gone through all the cheques received in the clearing, pertaining to his ledger.

No cheque may be returned for lack of funds, until all departments which may hold Bills, Fixed Deposits, or other forms of security have been referred to. After having been referred to these departments, the cheque must be shown to the Manager or Accountant before it is actually returned.

A special clerk should be detailed to deal with the cheque drawn on the bank received through the Clearing Department. Cheque to be returned will be sent by the Ledger Keepers to this clerk. He will enter the cheque in his Clearing cheque Returned Book and send the same at once to the Cash Department whose duty it is to see that the cheque, if received in first clearing, is sent out promptly to the bank whose stamp it bears and a debit voucher is received in exchange therefor. Irregular cheques received in second clearing shall be returned through the Special Clearing.

The clerk employed to deal with these dishonoured cheques must bear in mind that all cheques to be returned must leave the office without fail within the scheduled time of the clearing houses, where they exist. Failure to do so will lead the bank to serious loss.

It will be this clerk's duty to report to the Accountant any case of failure on the part of a Ledger Keeper to give him sufficient time to return any cheque before the time mentioned.

After having handed over the 1st clearing returned cheques to the Cash Department, the clerk dealing with returned cheques must pass the necessary entry to the debit to Returned Cheques Account. The debit vouchers should be placed inside The Returned Cheque Register and sent to the Assistant Accountant in charge of the Current Accounts, who must initial both the slips and the book. All Bankers' Payment Orders received from other banks in exchange for these returned cheques must be made over to the Clearing Department to present them in the Special Clearing.

Return of Out-Clearing Cheques.

When out-clearing cheques are returned to you by other clearing banks for removal of minor irregularities, such irregularities should be removed and the cheques sent back to the drawee bank. When out-clearing cheques are returned for other irregularities or for want of funds, the amount shall be debited to the customer's account and the cheque along with the memo shall be returned to the customer on the same day. On no account should dishonoured out-clearing cheques be retained overnight in the bank.

Out-clearing cheques returned by other banks with the request that they may be presented again the following day should be debited to the customer's account in the same manner as other dishonoured cheques. At the same time a fresh voucher should be prepared bearing the following date and handed over to the cashier for presentation in the next day's clearing. The fact that the amount of the cheque has been debited to his account and that it has been retained for presentation the following day should be communicated to the customer, as also the reason for the return stated in the memo.¹

All slips or cheques affecting any account in the Current Account ledgers should, when the foregoing instructions have been properly complied with, be posted in the relative accounts and left in the ledgers when the Ledger Keepers' duties with regard to the disposal of the same terminate.

If an occasion arises to dishonour a cheque which has been received in payment of any item referring to any Department in the office other than the Current Account Department, the cheque must be sent by the Ledger Keeper, who will attach thereto a slip stating the reason for dishonour, to the clerk whose duty it is to deal with dishonoured cheques. This clerk after having entered the cheque in his Returned Cheque Register is responsible for forwarding the cheque to the Department concerned.

When cheques on yourselves received for credit of Current Accounts, have to be dishonoured the procedure

1. Those banks who follow the system of crediting the constituent's accounts after cheques are cashed need not follow this practice.

to be adopted will be similar to that adopted in the case of cheques on you received through the clearing.

Pass Books.

Ledger Keepers are responsible to take care that Pass Books of the constituents are kept up to date and kept neatly and accurately. The following points must be borne in mind in writing up Pass Book.

Pass Books are not to be kept on the desk. A shelf be arranged under each Ledger Keeper's desk and there, all Pass Books on hand must be kept, but it must be strictly noted that as few Pass Books as possible should remain each day in possession of the Ledger Keepers. Every opportunity must be seized to get Pass Books prepared and handed out to constituents or their nominees.

Assistance may, if possible, be given to Ledger Keepers in the preparation of Pass Books.

Ledger Keepers who permit the Pass Books relative to their ledgers to get into arrears should be severely dealt with.

When a Pass Book is written up, the ledger should be marked to show that this has been done. In the nearest spare column to the ledger balance should be written neatly P. B. and the date.

When statements of account are required, they must be treated in the same manner as Pass Books. Care must be taken to see that these are regularly sent out at the required intervals.

Balancing of Ledgers

Current Account Ledgers will be balanced every Friday and on the 1st day of each month. They will also be

balanced on such other dates during the month as the Manager or the Accountant may order.

When balancing on the last day of each month, Ledger Keepers must take down the debit and credit summations of all accounts in their ledgers. These must be summed up as well as the balance and the total of all the ledgers should agree with the General Ledger balance of current account.

General

Before leaving Office for the day, the Ledger Keepers should satisfy themselves.

1. That no voucher have been left over for being posted in the ledgers.
2. That the last balance of all accounts operated that day have been written in words in the particulars column.
3. That the Daily Overdraft Balance Book and Register of credit Balances have been written up for the day.

Ledger Keepers are generally strictly forbidden to have any dealing with the bank's constituents or call on them.

All ledger keepers should sign a letter stating that he has read all the instructions and he undertakes to follow them faithfully and intelligently.

Savings Bank Department.

Sums tendered for credit of Savings Bank Accounts must be presented together with Pass Book and relative pay-in-slips to the Cash Department. The Cash Department will receive the cash and, as in the case of cash paid in for credit of Current Accounts, stamp the slip

with "Received Cash" stamp and thereafter have the slip signed by the Cashier and send the Pass Book and the pay-in-slip book entered and enclosed in Scroll Cash Received Register, to the Assistant Accountant, who will sign the Scroll Register, in acknowledgment of having received the Book and voucher. Before signing the vouchers in token of his having verified them and of authorising their posting in the ledgers, he should take special care that the cash vouchers are marked "Received Cash" over the signature of the Cashier. After being signed, the vouchers will be sent with the Pass Book and the Scroll Cash Received Register to the Ledger Keepers who will sign for each voucher and post them in the ledgers and the Pass Book. The Pass Book after being initialled by the Assistant Accountant will be returned to the Cashier immediately. Many banks now do not insist on presentation of pass books and issue credit slips as in case of current accounts.

Only *cheques payable to the Account-holder should be accepted for collection in Savings Bank Accounts* and the same procedure must be adopted in regard to such cheques, as is carried out in the case of cheques received for credit of Current Accounts.

Balancing of Savings Bank Ledgers.

The instructions to Current Account Ledger Keepers are intended to be followed with the necessary modifications by Savings Bank Ledger Keepers.

INSTRUCTIONS TO OFFICERS IN CHARGE OF CURRENT ACCOUNTS.

The first duty of the Assistant Accountant who is placed in charge of the Current Account Department is to make himself conversant with all accounts and

customers' signatures and although the Ledger Clerk of each ledger is responsible for the correctness of the essentials of cheques posted in his ledger (these essentials being (1) signature, (2) date, (3) amount in words and figures, (4) endorsement, (5) whether the cheque bears any special or general crossing, (6) that in the case of clearing cheques, the cheque bears the clearing stamp of the Bank from which it has been received), the Assistant Accountant's responsibility in regard to the correctness of all cheques passed by him is in no way diminished.

The Assistant Accountant in charge of Current Accounts should be at the office one hour before the official time of opening of the Bank.

Daily Checking.

On commencing his work in the morning, the first duty of the Assistant Accountant is to check up the Supplementary Cash Books of the previous day with the debit and credit vouchers and thereafter to check the Supplementary Cash Books with the respective Current Account Ledgers.

The Current Account checking officer must note that after marking off the vouchers and cheques with the Supplementary Cash Books he should go through the vouchers quickly but carefully and see that all debit and credit slips bear atleast two officers' signatures and that the *signatures on all cheques have been duly cancelled and initialled*. This part of his duties must be finished before 10 in the morning to allow the ledgers to be ready for the Ledger Keepers to start work immediately after their arrival in office. The Assistant

Accountant must then see that the Ledger Keepers immediately start their day's duties, the first of which is to write up all Pass Books. Pass Books sent to them to be entered up-to-date on any one day must be entered up-to-date on the following day and forwarded to the constituents through the Despatching Clerk. The Assistant Accountant, whose duty is to verify their correctness with the ledger and initial the Pass Books, should be held personally responsible for any report regarding delay in returning Pass Books. This part of the Assistant Accountant's and the Ledger Keeper's duties should be finished before 11 a. m., when the rush of business for the day usually commences.

Other duties

Any cash cheques presented between 10 and 11 a. m. will be passed by the Assistant Accountant by temporarily breaking off his other checking work.

The Assistant Accountant shall maintain a register of standing instructions received from Current Account customers regarding periodical payments, remittances of insurance premia, etc. and see that the instructions are carried out on the respective dates.

The Assistant Accountant will attend to all correspondence concerned with the Current Account Department and all letters must be attended to on the day they are received.

Balancing of Ledgers

The balance will be balanced weekly on Friday and on the last day of every month. On the monthly balancing day, the balances of Currents and their debit and credit summations will be taken down.

On all these dates the Assistant Accountant must have the balance called over to him but *on no account by the same Ledger Keeper as in charge of the ledger*; and on each occasion he should see that the balances agree with the General Ledger and on the last day of the month that both the balances and the total summations of the accounts agree with the General Ledger balance and summations. The Assistant Accountant, after having had the ledger balance called over will verify the correctness by casting up the figures himself and thereafter initial the same. He should also see that the total castings of all the ledgers, collected and added together at the end of the Ledgers Balance Book, tallies with the General Ledger. The monthly balances and summations, after verifications with the General Ledger, will be forwarded to the Accountant. On the quarterly balance dates, namely: 31st. March and 30th. September, the taking down and the checking of Ledger Balances and summations must be done by two Officers of the Bank. No Ledger Keeper should be permitted to assist in the checking of these two dates.

Issue of Cheque Books.

The Assistant Accountant in charge of the Current Account Department shall also be in charge of the stock of cheque books.

All applications for cheque books must be sent first to the Ledger Keeper concerned. The Ledger Keeper must ascertain from the constituent's account as to whether a cheque book is really required. This can be seen from taking into consideration the number of operations on the account each week compared with

the number of cheques in the constituent's old cheque book which have still to come in. If it is evident on referring to the ledger that a new cheque book is required, the Ledger Keeper should initial the requisition form with the remark ".....Cheque Book may be issued," and send it to the Assistant Accountant. If it is obvious that a new cheque book is not required, or if the account has been kept in an unsatisfactory condition, the Ledger Keeper should refrain from initialling the same and the officer should decline to issue a cheque book. Such cases must be referred to the Accountant. If the requisition form is initialled by the Ledger Keeper, the Assistant Accountant will examine the form, verify the applicant's signature and, if satisfied with them, issue to the Ledger Keeper a cheque book of the required denomination after entering the same in his Cheque Book Register. The Ledger Keeper shall enter the numbers of the new cheques in the Ledger heading and the Assistant Accountant after initialling the same shall deliver it to the constituent. If the applicant calls in person, his signature will be taken in the Cheque Book Register in acknowledgment of the cheque book. If the cheque book is sent by registered post, a remark to this effect will be made in the register.

Procedure in dealing with Credit Slips Received from cash Department

The Assistant Accountant will pass all pay-in-slips and other credit vouchers (whether cash, clearing or transfer) which shall be sent by the Cash Department entered and enclosed in Short Credit Books (separate

books will be used for cheques and cash). He will sign for all the vouchers in acknowledgment of having received them. Before signing the vouchers in token of his having verified them and of authorising the posting of the vouchers in the ledgers, he should take special care that the cash vouchers are marked "Received Cash" over the signature of the cashier and that the credit slips are marked or stamped either "First or Second Clearing" as the case may be. Omission to observe the latter instruction might lead to a cheque drawn on a constituent's account and received in the second clearing being returned as "effects not cleared" when the account was actually in funds, the credit having gone through the first clearing.

The Assistant Accountant will also observe great care in seeing that all vouchers, when he initials the same out of the Short Credit Books, are stamped according to the columns (cash, clearing or transfer) under which they appear in the Short Credit Books. After being signed the vouchers will be sent with the Short Credit Books to the Ledger Keepers who will sign for each vouchers and proceed to post them in the ledgers.

Cheques on other Banks returned unpaid through the Clearing

In the case of cheques on other banks passed through the first clearing and returned unpaid, the Assistant Accountant in charge of the Current Accounts Department must see that the amount of the cheque is debited to the account of the constituent concerned and credited to "Cheque Returned Account"; debit note issued and the returned cheque with the memo forwarded to the

Ledger Keeper to be returned at once to the constituent concerned. In no case such returned cheque must be allowed to remain in the office overnight.

Interest on Overdraft Accounts

Debit interest on overdrawn Current Accounts will be debited to the respective accounts on the last day of each month and must be carefully checked by the Assistant Accountant, who will pass the ultimate totals of due to the credit of "Interest Received" account.

Interest of Credit Balances

Credit interest account will be passed half-yearly and must go to the credit of the relative account not later than the 28th of the balance months i.e. June and December. Interest on credit balances need only be worked upto the 25th of the months, the interest products for the remaining days being carried over to the next half-year's accounts. No credit interest will be allowed which does not amount to the minimum figure prescribed in the rules of the current accounts.

Ledger Keeper's Abstract Books

It will be the Assistant Accountant's duty to check and initial the daily entries in the Ledger Keeper's book containing an abstract of the Supplementary Cash book figures relating to his ledger.

Verification of Drawer's Signatures

The Assistant Accountant shall in all cases verify the signatures of the drawers and affix his initials above or below the Drawer's signature in token of his having done so.

Procedure Regarding Cash Cheques

Cheques presented for encashment across the counter will come forward to the Assistant Accountant's table, entered and enclosed in the Scroll Cash Cheque Register. It is now the Assistant Accountant's duty to see that the cash is paid as expeditiously as lies in his power, bearing in mind that the time allowed by the banks to elapse from receipt of the cheque by the Ledger Keeper till actual payment of cash by the cashier is 15 minutes. He will thus immediately on receipt of the book on his table examine the essentials of each cheque and the posting of the same in the ledger and satisfy himself that the drawee has either funds to meet the cheque or that he is allowed to overdraw his account to that account, in the latter case the cheque will bear either the Manager's or the Accountant's initials in the bottom left-hand corner. If satisfied, he will now sign his name under the words "Pay Cash," which the Ledger Keeper will have previously stamped on the cheque, and cancel the signature of the drawer, and, thereafter, initial the cheques out of the Scroll Cash Cheque Register and despatch his peon to the Cash Department with the cheques and the Register, the cashier initialling for the same in the column provided for the purpose.

All alterations in cheques must be authenticated by the signature of the drawer of the cheque in full. Initials cannot be accepted.

Cash cheques for Rs. 5,000 and over (as may be fixed by the authorities) must be initialled by the accountant.

Overdraft Cheques

In the case of cheques drawn on overdraft accounts or cheques, which if posted in their relative current accounts, would create an overdraft, each Ledger Keeper should enter these cheques in the Overdraft Cheques-referred-book together with details of any Short Credits or other amounts which, to his knowledge, would be credited to the account latter on realisation. This Overdraft Cheques-referred-book must also contain a note of what the amount of the overdraft would be if the cheque was passed. After having so entered the cheques, the book and the cheques must be sent to the Accountant, who after satisfying himself that the security held by the Securities Department is sufficient to cover the overdraft, or that the customer has been authorised to overdraw his account, will initial the cheques on the bottom left hand corner and return it together with the Overdraft Cheques-referred-book to the Ledger Keeper. The Ledger Keeper will then post the cheque in the ledger marking the letters "O.P." conspicuously on the cheque in the top right-hand corner in red ink. The letters "O.P." signify "Overdraft Passed." The Assistant Accountant in charge of the Current Account Department must take great care to see that these instructions are carried out and when initialling cheques out of the ledger he must see that any cheque which has created or increased an overdraft bears the letters "O.P." and the initial of the Accountant.

Passing of Vouchers in the Ledgers.

It is assumed that the Assistant Accountant has already made himself thoroughly conversant with the

rules laid down for guidance of the Ledger Keepers and that he is in a position to control the department in accordance with those rules ; and from reading those instructions it will be seen that the Ledger Keeper's duties in regard to the vouchers which they have posted in the Ledger Accounts terminate on these vouchers being posted. The duty of the Assistant Accountant in charge is first to pass all vouchers of the Ledger and see that all the instructions given to the Ledger Keepers with regard thereto have been complied with. The vouchers should be passed out of the Ledgers by the Assistant Accountant at every opportunity 'when there is a spare moment of the Ledger to be checked. All the ledgers must be checked by the Assistant Accountant immediately after the Second Clearing has been posted. All vouchers checked with and initialled out of the ledgers must be kept in a locked box in charge of the Assistant Accountant and should be handed over to the Supplementary Cash Book writers in the afternoon.

Precautions to be Observed in Checking Ledgers and Supplementary Cash Books

In posting Supplementary Cash Books, the Cash Book writers must in the case of cheques bearing the letters "O. P." mark in red ink on the margin opposite the amount in the Supplementary Cash Book the same letters in red ink. When checking ledgers from Supplementary Cash Books special care must be taken regarding debits to overdraft. The checker of the ledger must challenge every such debit and satisfy himself that the amount is marked "O. P." in the supplementary Cash Book. If it is not so marked, he

must refer to the voucher and if the matter is not in order he must bring it to the notice of the Accountant. When checking ledgers the checker of the ledger must have beside him the Overdraft Cheques-referred-book and in the case of any debit which creates or increases an overdraft he must refer to the Overdraft Cheques referred-book and see that the debit has been duly entered therein and that the amount of the overdraft noted in the overdraft Cheques-referred-book was correctly given and that the entry has been duly initialled by the Manager or Accountant.

Points to be Observed in Checking

Assistant Accountants when checking the ledgers must observe the following points :

1. That the correct date is entered in the ledger.
2. That the debit or credit voucher is posted to the correct account.
3. That when a party has more than one account, the distinctive mark for the account should be shown in the Supplementary Cash Book.
4. That the correct amount is entered in the ledger, Badly-formed figures ought to be pointed out to the Ledger Keeper.
5. That the balance at the close of business every day is written in words preceded by the word "debit" or "credit" according as the balance is overdrawn or in credit. Debit balances shall be written in red ink and credit balance in black ink.
6. Checkers must look to the cheque number to see that it is of the series of number in the cheque book issued to that constituent.

7. Checkers must exercise care where two or more parties have the same or similar names. They will have to see that the party is clearly indicated in the Supplementary Cash Book.

8. Each checker must keep a note book in which mistakes found will be entered, which note book must be handed to the Ledger Keeper who will rectify the errors and thereafter return the book to the checker for verification of the corrections.

9. During the checking of ledger, the checker should turn over every page of the ledger to satisfy himself that there are no unauthorised entries in any accounts which have not been called over from Supplementary Cash Book. This precaution should be observed, particularly in the case of dormant and /or inoperative accounts.

10. The balances in the daily overdraft Balance Book should be ticked at the time the ledger is being checked.

New Current Accounts

The Assistant Accountant must see that when a new Current Account is opened the appropriate Account Opening Forms and specimen signature cards are duly filled in and properly filed; and that where there are alternatives provided in the printed form the inapplicable portions are scored out over the full signature of the parties. These forms and cards must be kept by the Assistant Accountant under lock and key.

Fresh instructions regarding operations on Current Accounts must be carefully noted in the ledger and, where necessary, a new signature card filled and filed.

The Assistant Accountant must see that he receives from the Correspondence Department all cash and cheques received by post duly entered in the Collection Book and at the end of the day must satisfy himself that vouchers have been passed for all such items and that they have been duly acknowledged.

The rules laid down for the supervision and checking of Current Account Ledgers, Pass Books and Supplementary Cash Books are also intended with necessary modifications to apply to the supervision and checking of Savings Bank Ledgers, Pass Books and Supplementary Cash Books.

DIFFERENT TYPES OF ACCOUNTS.

Minor

Minors can open and operate accounts. But under the law, a minor can not enter into any contract binding himself, so no overdraft or loan should be allowed to any minor and keen watch should be maintained on minor's accounts, so that no debit balance is created there. A minor can however act as an agent of another person and if he is duly authorised he may even borrow in the name of a major person. A minor can be a partner of any firm but he is not liable for any debts incurred by the partnership firm before he attains majority. If however, the minor does not repudiate his liability within six months of his attaining majority, he is regarded as having ratified the agreement or contract. (See Sec 30 of Indian Partnership Act for further details). An ordinary Indian attains majority after completion of the 18th year. Those, who have court guardians or are under Court of wards, attain majority on the completion of the 21st year.

Lunatics.

Lunatics can not open accounts and if a customer becomes a lunatic, the bank should stop honouring cheques drawn by him. But this step should only be taken when the bank is definite about the lunacy or when the customer is declared a lunatic under Lunacy Act or he is confined in a lunatic asylum.

Insolvents.

Insolvent's accounts should not be opened and when a customer files a petition for insolvency or his creditors files petitions against him, the bank should stop payment of any money due to him. But if the payment is made without any notice of such petition and the transaction is bonafide, the bank is protected.

Limited Companies.

Before opening accounts of limited liability companies their Memorandum and Articles of Association should be carefully read to find out that the resolution for opening and operating the account has been properly passed and the Company has power to open bank accounts and take loans etc. Copies of balance sheets may also be scrutinised to find out the status of the company. A reference to their existing bankers in case of old companies may also prove useful. A duly certified copy of the resolution authorising the opening and operation of the account with the bank should be taken along with account opening form.

Executors.

In opening accounts of executors, the bank should see the probate of the will and note in the ledger the date

of the will and the probate, names and powers of the executors and the name of the court granting the probate. Legally one executor can act for all, but it is safer for the bank to take definite instruction as to the power of operating the account signed by all executors. On the death of one executor, the survivors may continue to operate the account. The difference between the power executors and Trustees have been dealt in 'cheque' chapter.

Partnership.

The Indian Partnership Act requires that every partnership firm should be registered with the Registrar of Firms of the area in which it has its Head Office is situated. The mere existence of trade partnership is no warranty that a partner has authority to bind the firm by opening a bank account on its behalf in his own name (*Alliance Bank vs. Kearsley*). It is safer for the bank to open a firm account with the signatures of all the partners with their full names and addresses and to get the authority to allow the person to operate the account also signed by all the partners. The authority should include powers to draw, endorse and accept bills, and mortgage and sell property belonging to the firm for greater safety of the bank.

A partner may draw the cheques in the firm's name or as partner of the firm. Any one partner may stop payment of the cheque drawn by another. A partner which is managing the firm's business has generally implied authority to borrow or pledge the movable property of the firm. But it is safer for the bank to have document of loan or advances signed by all partners. When a partner retires, his liability to the bank ceases so far

the future transactions are concerned. But if the bank is not given any notice of such retirement, the retiring member's liability continues. In case of death of a partner, legally the partnership firm is dissolved. The representative or heir of dead partner has no right to step into his shoes. If there is any debit balance in the account, it is advisable to stop the account to fix the liability of the estate of the deceased and to avoid the rule in the clayton's case. If there is no debit balance, there is no objection in continuing the account. In case of insolvency of any of the partners the firm should be treated as dissolved. In absence of expressed provision in the partnership agreement in contrary thereof the cheques signed by an insolvent partner on behalf of the firm should not be honoured. Great caution should be taken in transferring funds from the partnership account to private account. Negligence in this matter will deprive the banker of the protection under section 131 of N. I. Act. It is not permitted to set off the balance of a private account against the account of the firm of which he is a partner for reasons stated in cheque's chapter.

Joint Account

Joint Accounts are subject to usual rules of joint ownership. But a banker is entitled to refuse to honour cheques drawn by one of the account holders unless he is specially authorised to do so by all the joint account holders. Unlike partnership account of joint account holder cannot bind the other member individually. Of course to avoid this difficulty, the bankers take a mandate from the joint holders stating who should sign

and endorse cheques and in the event of death of any of the joint holders to whom the balance should be payable, at the time of opening the account. In the absence of such mandate the balance would pass to his survivor.

SOME USEFUL HINTS IN DEALING CURRENT ACCOUNTS AND SAVINGS DEPOSITS.

OPENING OF CURRENT ACCOUNT ; INTRODUCTIONS :—

Agents and Accountants of banks should strictly observe the rule which states that Current Accounts should be opened only for persons known to the bank or who are properly introduced. In no instance where a prospective customer is not personally known to the bank, should they waive the usual reference from bank or firm or individual of good standing known to the bank. The omission of this formality might result in very unpleasant consequences to the bank and the bank will be held negligent in case of any fraud.

2. SPECIAL CHEQUES :—

The full cost of printing special cheques, including the cost of engraving plates, is generally charged to the customer.

3. PERIODICAL PAYMENTS :—

On all periodical payments made on behalf of customers, a charge of As. 8 per payment is usually imposed, plus all postages and other expenses incurred. This charge shall be collected in all cases from the party on whose behalf the payment is made. Many banks however waive any charge on this account to popularise themselves.

4. MARKING CHEQUES "GOOD FOR PAYMENT" :—

The bank shall not certify customers' cheques as 'good for payment' except at the request of another bank. In exceptional circumstances, however, it will be in order for the bank to issue the bank's own pay Order in exchange for the customer's cheque.

5. ISSUE OF CHEQUE BOOKS :—

Cheque books applied for by customers on requisition sent by post or through messengers, should be despatched by registered post and the postage debited to customers' accounts. Where in exceptional cases such cheque books are sent through the messengers themselves, a notice should be sent to customer advising the issue and giving the number of the cheque leaves. This advice should contain a request for immediate information in case the applicant had not authorised the request, or has not received the cheque book in question. When authorised representatives of firms and constituents call personally, they will, of course, sign the Cheque Book Register in the usual manner in acknowledgment of the cheque book issued.

6. ISSUE OF LOOSE CHEQUE FORMS :—

The same care should be taken in the issue of loose cheque forms as in the case of issue of cheque books and such loose cheques should be signed for in the bank's Register of Cheque Books. Unless the applicant is personally known to an officer of the bank as having Current Accounts with the bank, no loose cheque should be issued to him without verification, merely on his statement that he has a Current Account with the bank. In a case which came before the Bombay court

years ago, an alleged officer was charged with having obtained money from various firms by issuing cheques on one of the local banks although he had no account with that bank. This indicates the possibility of a lax system creeping in the matter of issuing cheque books and cheque forms.

7. SCRUTINY AND CUSTODY OF REQUISITION FORMS :—

The specimen signature on the requisition forms should be carefully checked and passed before cheque books are actually issued. Care should also be taken before issuing cheque books to see that the number of unused cheques in the old cheque book is small enough to warrant the issue of a new one. There had been cases where banks suffered heavy loss due to a cheque book having been issued against a forged requisition form. The excuse made was that the old cheque book had been lost; and accepting this statement the officer in charge of cheque books issued a new one although the lost cheque book was known to contain a number of unused cheques. The statement, of course, was untrue and was merely an excuse to enable the forger to get possession of the cheque book. *When constituents state that they have lost their cheque books, they should be made to call personally at the bank and stop payment of all the old unused cheques and take delivery personally of the new book.*

8. CURRENT ACCOUNT PASS BOOKS AND STATEMENTS :—

Officers in charge of Current Account departments should periodically go through the Ledgers and satisfy themselves that Pass Books have been sent in by customers from time to time and that they have been

returned duly posted. Where pass books have not come in for more than three months a statement of account should be sent, commencing from the date up to which the Pass Book was last posted. Constituents to whom no current account pass books have been issued should be sent a statement of their account once a month and in any case not less frequently than once every quarter.

9. NOMINAL ACCOUNTS IN CURRENT ACCOUNT LEDGERS :—

The nominal accounts in the Current Account Ledgers should be reconciled frequently and that the items making up each account should be taken down and balanced and such items should be scrutinised to see the justification for their remaining outstanding unadjusted in the Nominal Accounts. Detailed statement of all items (credit and debit accounts) comprising the Nominal Accounts in the Ledgers should be rendered to the manager every month.

The number of nominal accounts should be kept down to an absolute minimum and accountant should see to it that as far as possible all items are vouched direct to the debit or credit of the proper accounts and not through the intermediary of nominal accounts. All debits to nominal accounts should be carefully scrutinised by the accountant before being passed.

10. LETTERS OF CONFIRMATION OF CURRENT ACCOUNTS :

Agents and Accountants should note that utmost endeavour should be made after the half-yearly closing of 30th June and 31st December every year to get all Letters of Confirmation of Current Account balances.

(credit and debit) returned by constituents. Letters of Confirmation sent to constituents whose accounts are overdrawn should bear an one anna stamp which should be affixed to the letter before the same is sent out. If it is found that the percentage of Letters of Confirmation of Current Accounts returned by constituents is disappointingly small, accountants should concentrate on getting all Pass Books sent in at the earliest possible moment, and have them written up-to-date and returned to constituents without delay.

11. CURRENT ACCOUNT & SAVINGS BANK LEDGERS :—

Once a week at least, preferably on fridays the total of the summations of all accounts (debit and credit) in the Current Account and Savings Bank Ledgers should be tallied with the General Ledger summations as this is an excellent preventive against fraud.

12. APPLICATION TO THE BANK TO ACT AS BANKERS TO NEW COMPANIES :—

When the bank is asked to allow its name to appear in the prospectus or balance sheet of a company as its bankers, this should be acceded to only in the case of undoubted companies with a first class Directorate. The fact of the bank's name appearing in the Prospectus might lead ignorant persons to believe that the bank is interested or concerned in the inception or development of such companies. Where the bank is requested to act as bankers of a new manufacturing concern, the Agent should first of all satisfy himself as to whether the proposed business has a reasonable prospect of expert

management and success. An advance copy of the prospectus should be insisted upon and an attempt should be made to tone down any over-rosy statement of prospectus.

13. STAFF OVERDRAFTS :—

Officers of the Bank are not allowed in any circumstances whatsoever to overdraw their accounts. Advances to members of staff either directly or to the debit of sundry Debtors are strictly forbidden.

14. UNSATISFACTORY CURRENT ACCOUNTS :—

Accountant should periodically go through the Current Account Balance Book and give instructions that further cheque books should not be issued to constituents whose accounts are conducted in an unsatisfactory manner or who do not maintain the stipulated minimum balance in their accounts.

15. CURRENT AND/OR SAVINGS BANK ACCOUNTS IN THE NAME OF FORMER EMPLOYEE :—

Care should be taken to see, whenever members of the staff leave the service of the bank, that any accounts in their names are closed forth with. Cases have occurred where ex-employee of a bank taking up position with another bank have made use of their current accounts and their knowledge of the system of their first bank to assist in the perpetration of fraud on the bank.

16. CURRENT ACCOUNT OF OFFICERS OF OTHER BANKS :

Current Accounts should ordinarily not be opened for officers of other banks authorised to sign on the bank's behalf and if in exceptional cases such an account is opened, care should be taken to see that it is purely a

personal account, the operations of which are well within the pocket of the officer concerned and that such accounts are not used for large scale speculation.

17. CURRENT ACCOUNTS OF EMPLOYEES IN GENERAL :—

When opening Current Accounts in the names of individuals, care should be taken to see that their occupation is correctly described. If a customer is known to the bank to be an employee of any company, firm or other entity, the bank must, *under pain of being held guilty of negligence*, ascertain who his employer is, so that the bank can challenge dealings by the customer with his employer's cheques.

18. COLLECTION OF CHEQUES PAYABLE TO THIRD PARTY :

The following rules should be rigorously adhered to in all cases :—

Collection for private account of any cheque which on the face of it or by endorsement bears evidence of being the property of or intended for the benefit of the company, firm or other entity and which is tendered for collection by a person holding or purporting to hold a fiduciary, official or subordinate capacity in such company, firm or entity, whether endorsed by him or not, and whether crossed or not, is forbidden including the case of a cheque drawn by such company, firm or entity in favour of a named payee or order, ostensibly endorsed, and tendered for collection by a representative of such company, firm or entity for his private account.

The following cases which have been held to constitute negligence on the part of the bank in the collection

of cheques illustrate the meaning of the above ruling by Mr. Paget.

- (1) Collecting for the private account of an official a cheque made payable to his company or firm and endorsed by him on its behalf.
- (2) Accepting for a customer's private account cheques drawn "per pro" by him, or by him and another, on behalf of his firm or principle, and made payable to him.
- (3) Collecting for a partner's private account cheques payable to the partnership.
- (4) Placing to a customer's private account cheques payable to him in an official or fiduciary capacity.
- (5) Collecting cheques paid in at one branch for a customer who had an account at another branch of the same bank, without communicating the facts to the customer's branch.

NOTE :— When a cheque is accepted by a branch for credit of an account at another branch, the branch taking the credit shall advise the receiving branch of the names of the drawers and payees of the cheques so paid in for collection. This would enable the receiving branch to check up the relation between the customer and the various parties to the cheque and take suitable action if the fact disclosed bring the credit under the prohibited category.

Savings Bank Department :—

The Agents should see that the savings Bank Department in their offices also strictly follow the above instructions of the Current Account Department, particularly in view of the fact that now-a-days banks have given the facility of withdrawal by cheque to Savings Bank Account holders.

IMPORTANT INFORMATIONS REGARDING COMPANIES ACT AND OTHER RELATIVE MATTER.

Duties of Secretary

It is the duty of the Secretary to comply with the legal formalities. Apart from the returns to be filed for banking companies, a bank has to file many returns under Company Law also. Some of the important duties are summed up below with short notes.

Allotment of Shares

As soon as the Directors allot shares the following details should be recorded in the director's Minute Book :—

- (a) The names of and addreses of the allottees
- (b) Number of shares
- (c) Distinctive number of shares.

Letters of allotment should be issued to the shareholders properly stamped (two-anna revenue stamp) and under seal of the company. The usual time allowed for payment of allotment money is a fortnight or a month as provided in the Articles of Association of the company. Allotment money received from applicants to whom shares are not allotted should be refunded immediately with letter of regret.

A share register and a share ledger must be maintained.

The return of allotment of shares under section 104(I) of the Indian Companies Act. 1913-36 must be sent to the Registrar of Joint Stock Companies within one month from the date of allotment with the prescribed filing fee (Rs 3/-).

Certificates of shares or debentures properly stamped and sealed should be made ready for delivery within three months from the date of allotment. (See Sec. 108 of I. C. Act)

General Calls

Calls on shares should be made as per resolutions of the Board of Directors at intervals as provided in the Articles of Association of the Company.

Calls in Arrear

Names of share-holders defaulting to pay call money at due time should be entered in a separate register.

Calls Paid in Advance

Names of share-holders paying call money in advance should also be entered in a separate register. Interest is paid on such amounts provided it is allowed by the Articles of Association of the Company.

Transfer of Shares

Transfer of shares, whether by sale or gift and whether with or without consideration, should be made out in share transfer deed adequately stamped with share transfer stamps, according to Article 62 of the Stamp Act. The transfer deed should be correctly filled up and signed by both the transferor and the transferee and witnessed by respectable persons. The value of transfer stamp varies according to provinces.

If there be calls in arrear, this should be pointed out both to the transferor and the transferee and the matter should be settled up before the transfer is effected.

If for any reason the registration of a transfer is refused, the transferor and the transferee must be informed of the reasons therefor within two months from the date of receipt of the transfer deed with the relative share certificate.

Transmission of Shares

On the death of a share-holder shares are usually mutated in the name of his or her heir or heiress when the Directors are satisfied with the evidence produced. Usually however, a succession certificate is demanded in such cases.

The mutation is noted in the share certificate on receipt of the fee prescribed by the directors.

Annual General Meeting

Annual general meeting is to be held at least once in a year. (See Sec. 76 of I. C. Act.)

The notice, convening the general meeting, shall specify the place, the day and the hour of the meeting and be sent to each member at his registered address at least fourteen days before the date for which the notice is given together with copies of the audited Balance Sheet and Profit and loss accounts and the approved proxy form under certificate of posting. The following business is generally transacted in the Annual General meeting.

- (a) Adopting the Statutory Report. (in the first year only)
- (b) Adopting the balance Sheet and Accounts.

- (c) Appointing Directors.
- (d) Electing Auditors and fixing their remuneration.
- (e) Declaring Dividends and sanctioning the sums to be carried to Reserves.
- (f) Permitting a director or his firm to hold an office of profit.
- (g) Authorising issue of shares at a discount etc.

A resolution passed by a bare majority of members entitled to vote and present in person or by proxy will be in order for the above purposes.

Extra-ordinary General meeting

When convened for the purpose of removal of a director before his time for retirement, Extra-ordinary General Meeting requires notice of not less than 14 days and a resolution should be passed by a majority of not less than three-fourth of such members entitled to vote as are present in person or by proxy.

But for the purpose of transacting the following business which would require "Special Resolution", notice of not less than 21 days is essential. In both the cases the notice must state the purpose of such Extra-ordinary meetings and the resolution should be passed by the above mentioned majority and the resolution proposed to be passed as special resolution should be enclosed, (see sec. 81 of I. C. Act).

- (a) Altering the Company's Articles of Association ;
- (b) Reorganising the share capital ;
- (c) Reducing the share capital ;

- (d) Sanctioning additional remuneration to Managing Agents ;
- (e) Sanctioning payment of interest out of capital during construction ;
- (f) Appointment of Inspectors to investigate the Company's affairs etc.

A certified copy of the resolution adopted in an Extra-ordinary General Meeting as an extra-ordinary resolution should be filed with the Registrar of Joint Stock Companies within 15 days from the date of the meeting at which they are passed with a filing fee of Rs. 3/- and stamp duty on increased share capital, if any.

Under Section 105(c), of the Indian Companies Act when increasing the share capital, the old share-holders shall be given first preference by notification for purchase of the shares to be newly issued in proportion to existing shares held by each members.

Proxy Form

All proxy forms should be signed on two-anna revenue stamp and when received should be entered day to day in a register. The register must be closed 72 hours before the time fixed for holding the meetings. The forms should be properly scrutinised in regard to calls in arrear and other irregularities.

"E & F" Forms

Two of the most important documents which are to be filed with the Registrar of Joint Stock Companies are what are commonly called as "E" and "F" forms. These are to be filed (under secs 32 (3) and 134 of I.C. Act within 21 days from the date on which an Ordinary General Meeting is held.

The "E" form consists of the following :—

- (i) Summary of the share capital.
- (ii) Names and addresses of Directors, Managers or Managing Agents and changes in the personnel of any of them since the last return.
- (iii) List of members.

The "F" Form consists of the following :—

Three Copies of balance sheets as prescribed.

Filing fee for 'E' and 'F' Forms is Rs. 3/- for each of them.

'G' Form

According to Sec. 136 of I. C. Act, a statement of position as on 30th June and 31st December each year as per form G should be hung up in a prominent place in every office of the bank together with a copy of the last audited balance sheet on the first Monday of the months of August and February each year. The Scheduled banks require to file a copy of the form with the Reserve Bank of India.

Minute Books

Two minute books for recording

(a) the proceedings of the Ordinary and the Extraordinary General meetings and (b) Resolutions, passed by the Board of Directors from time to time, are to be maintained.

Register of Directors, Managers and Managing Agents

According to Section 87 of the amended Indian Companies Act, a register of Directors, Managers and Managing Agents are to be maintained at the registered office of the Company.

Any change amongst its Directors or Managers or Managing Agents in any of the particulars contained in the register must be submitted by a return to the Registrar of Joint Stock Companies within fourteen days from the happening thereof along with a filing fee of Rs. 3/- only.

A register of mortgages is also to be maintained.

Income Tax Returns

Returns under Sections 19A and 20A of the Income-tax Act regarding payment of dividend on shares and interest on deposits to any individual exceeding a sum of ¹Rs. 5,000/- and ¹Rs. 400/- respectively have to be furnished.

Under Section 18(2) of the Income Tax Act 1922 all banks are required to deduct Income Tax at a rate representing the average rates applicable to the estimated total income of assessee from the salary of any officer of their office whose total income is assessable under the Indian Income Tax Act 1922 and to Submit returns to the local Income Tax Officer every month as per form available from the Income tax offices on application. (The Sections are quoted in the appendix)

Returns to the Reserve Bank of India

The Scheduled Banks, are to submit the following returns to the Reserve Bank of India.

1. Weekly statutory report as on Friday of each week.
2. Two copies of Balance Sheets.

1 The above amounts are subject to variation from time to time.

Special legal Requirements to be Complied with :—

According to the Indian Companies Act, every director or other officer of a banking Company, who is knowingly and wilfully a party to the default in complying with the following requirements is liable to a fine not exceeding Rs 500/- for every day of default.

- (a) Provisions regarding maintenance of cash-reserve (Sec. 277 H)
- (b) Provision regarding creating a charge on unpaid capital (Sec. 277 J)
- (c) Provision regarding Reserve fund (Sec. 277 K)
- (d) Provision regarding nature of subsidiary Company (Sec. 277 M)
- (e) Provision regarding activities of a banking Company (Sec. 277 F and 277 G)
- (f) Provision regarding employment of Managing Agents (Sec. 277 H)

Sections 277F to 277N of the Indian Companies Act deal specially with provisions of banking companies. But a new Bank Act has been proposed by the Govt. and when passed it will replace the existing laws. In the proposed Act stricter provisions have been made with regard to capital, branches investments, investigations, liquidation etc.

Apart from the above sections of the Companies Act, a banker should carefully comply with the following sections also, which provides special regulations for banks.

Sec. 4 (1) (This section restricts the number of partners in banking business).

Sec. 136 (1) & (2) (Deals in preparing and display of half-yearly returns).

Sec. 133 (Balance Sheet and Profit & Loss Account should be signed by the manager and by at least three directors where there are more than 3 and by all where there are not more than three directors).

Sec. 138 (Holders of one-fifth of issued share can apply for investigation into the affairs of a bank).

Sec. 145 (Deals with audit of branches beyond British India).

Preservation of Office Records

Law does not provide any period for which office records should be preserved. It is the usual practice of some of the leading banks in India to preserve their office records as mentioned below :—

Nature of papers	Period
1. Daily vouchers, cheques and advices.	6 years
2. Cash Book and its subsidiary books, General Ledger, P. & L. Analysis, Rough Cash Book of the Cashier, etc.	15 years
3. Important office files relating to correspondence with Head Office, Branches, Depositors and Sundry parties.	10 years
4. Unimportant office files relating to correspondence with Head Office and Branches.	6 years
5. Account opening forms, specimen signature cards, etc.	6 years after the accounts are closed
6. All other unimportant books, files, papers, etc.	5 years

List of Books generally maintained by a Banker.

Cash & Accounts Sec.

Counter Cash Book or
Teller's Cash Book
(Receiving and Paying.)

Main Cash Book

Day Book or Waste Book
(Received and Paid.)

Walks Book.

Balance Book.

Bank Note Register.

Bankers' Ledger.

Branches Ledger.

Cash Balance Book.

Clearing Book.

Clearing Balance Book.

Current Account Ledger.

Current Account Register.

Savings Account Ledger.

Savings Account Register.

Fixed Deposit Ledger.

Fixed Deposit Register.

General Ledger.

Journal.

Pass Book Register.

Remittance Book.

Accounts opened & closed book.

Returned Cheque Book.

Check Ledger.

Cheque Book Register.

Dividend Register.

Draft Book.

Draft Advice Book.

Exchange Book.

Investment Ledger.

Key Register.

Letter Despatch Book.

Letter Received Register.

Postage Register.

Suspense Ledger.

Advance Ledger.

Credit & Debit.

Accounts (P & L. a/c.).

Loan & Security Dept.

Loan Ledger.

Loan Register.

Safe Custody Register.

Securities Book.

Securities Ledger.

Signature Book.

Title deed Book.

Probate Register.

Bill Dept.

Acceptance Register.

Acceptance Ledger.

Acceptor's Ledger.

Advice Book.

Bill Diary.

Bill Ledger.

Bill Register.

Bills Discounted.

Bills for Collection.

Bills Remitted.

Diaries.

Over-due Bills Book.

Returned Bills Book.

Letters of Credit.

Foreign Bills Book.

Manager & Secretary's Dept.

Attendance Book.

Minute Books of Directors
and Shareholders.

Opinion Book.

Shareholders' Ledger.

Shareholders' Register.

Staff Register.

Stock Exchange Transactions
Book.

Proxy Register.

Bank reference Book.

Register of Mortgages

Register of Directors &
Managers.

DRAFTS, T. T'S AND LETTERS OF CREDIT.

DRAFT

Definition

A draft is not a cheque, as it is a pay order of the bank on its own branches, so the usual protection under law afforded to payment of cheques under sec. 85 of N.I. Act did not apply to drafts, till sec. 85A of the Negotiable Instruments Act was introduced. This section runs as follows :

“When any draft, that is an order to pay money, drawn by one office of a bank upon another office of the same bank for a sum of money payable to order on demand purports to be indorsed by or on behalf of the payee, the bank is discharged by payment in due course”.

So now if a bank pays a draft with forged indorsement but in due course, he is protected from being held responsible. But this protection can not be claimed by a bank who is both paying and collecting the draft, on the ground of negligence (*Carpenters Company vs. British Mutual Banking Company*, Journal of the Indian Institute of Bankers, January 1938, P 55).

Register of Drafts and T. T's Issued :—

Drafts and T. T's. issued on each branch shall be listed separately and consecutive numbers to be allotted for each branch. These numbers shall be entered on the Drafts Issued Register so that the receiving branch will be able to check from the serial numbers whether all the drafts issued have been presented for payment.

Drafts should be typed on pin-point typewriter. If they are written by hand, the words and figures "Not Over Rs....." shall be impressed by the protectograph.

Register of Drafts & T. T's. Payable :—

Separate register should be maintained by each office for drafts and T. T's issued by other offices and payable at any branch. Separate pages should be allotted for each branch and advices should be carefully entered, giving the dates of drafts, their distinctive numbers, names of payees and amounts. Registration of advices should be checked and initialled by an officer and payment should also be likewise initialled. The drafts and T. T's remaining unpaid should be listed every week and balanced with the Bills Payable and T. T. Payable Accounts in the General Ledger. Entries in the register of T. T's should be carefully checked with mail confirmations.

Payments of Drafts without Advice :—

The attention of Agents and Accountants is drawn to the danger of paying drafts drawn on their branches by other branches or Agents or correspondents without advice. Such payments without advice should be made only in very exceptional cases and care should be taken to have the payment recorded in the Bills payable Books under the serial number shown on the draft, the same being initialled by the officer who sanctions the payment. When the draft advice is subsequently received, it should be checked with the entry already made in the Bills Payable Book and payment should be recorded on the

advice. Very special care should be taken in the case of drafts drawn in sets of two or three as there is always a danger that the first of the set may be paid without advice and payment again made against the second or third of exchange after the draft advice has been duly received and registered. Here, again, the serial number of drafts should be distinctly entered in the Bills Payable Book and a watch kept for the overdue advice, which, when received, should be duly checked and marked as paid.

4. *Lost Bank Draft* :—

If an application is made by the purchaser of a Bank Draft for refund of the amount on the ground that the draft has been lost or destroyed, the application must be accompanied by a Declaration and Letter of Indemnity (See Appendix for the Forms).

Letters of Credit :—

A letter of credit is a document or authority by a bank in one place authorising some other banker, acting as his agent or correspondent in another place or his own branch there to honour drafts, or cheques of a person named in the document upto a fixed amount mentioned therein within a specified period subject to terms and conditions stipulated therein. Whenever any payment is made by the payee bank to the beneficiary (person authorised to draw) the details of such drafts or cheques are indorsed at the back of the letter of credit, so that the payee bank or agent may easily check the amount drawn against the total credit allowed.

Generally letters of credit are issued by the banks in the following forms.

- (a). Clean and documentary letters of credit.
- (b) Revocable and irrevocable letters of credit.
- (c) Circular letters of credit.
- (d) Credit with or without recourse.
- (e) Revolving credit.
- (f) Anticipatory credit (g) re-imbusement credit.
- (h) Confirmed or unconfirmed credit.

It is not possible to deal in this volume, which is meant to be a handy guide to bankers, all the above types of letter of credit in details. The description of each of them is summed up below.

Before negotiating a bill under letter of credit a banker should particularly note the following points (a) that the letter of credit is genuine. The signature of the officer issuing the letter should be carefully verified with his specimen signature recorded with the paying bank (b) That the drawing is within the unavailed balance of the letter of credit. (c) That period of the letter of credit is still in force. (d) That the terms of the letter of credit are duly complied with. (e) That the drawing party is the genuine party mentioned in the letter of credit.

Clean or open Credit :—

If the shipping documents are not attached to the bill, it is called a clean or open credit. Such credits are allowed by banks to their customers whose standing and credit is of the highest order.

The more usual course of issuing letter of credit is that the bills drawn under the credit should accompany shipping documents. This is called documentary credit.

Sight Credit and Acceptance Credit :—

The terms on which the bills are drawn are settled between the buyer and seller of the goods for which letters of credit are opened. If the bill is drawn at sight it is called a 'sight credit' and if the bill is drawn at a period after sight, it is called an 'acceptance credit'. When a banker honours a sight credit bill he requires his customer to put in the money to pay the bill. When the banker accepts an acceptance credit bill, usually he releases the documents to the importer against a letter of hypothecation to enable him to clear and market the goods and expects the importer to pay him the amount on the date of maturity of the bill. But usually bankers take a partial security in this case also and take a 'trust receipt' at the time of handing over the shipping documents to the party.

Revocable and Irrevocable Credits :—

A revocable credit can be cancelled by the grantor any time but a banker is bound to honour all drafts drawn under an irrevocable credit even if his customer who opened the credit fails in the meantime. So bankers generally charge some extra commission when they open irrevocable credit.

Circular Letters of Credit :—

Circular credit is addressed to all correspondents of the bank, while a direct credit is addressed to a specified

correspondent or branch. Circular credits are generally availed of by travellers. It is akin to travellers' cheque, with the exception of letter of indication. Along with 'circular letter of credits', a 'letter of Indication' embodying the specimen signature of the drawer is also issued and both are to be presented at the payee's counter before payment. The banker who makes the final payment of the last available credit should cancel the letter of credit and attach it to the final draft.

Credit with or Without Recourse :—

When the beneficiary of a letter of credit is the drawer of the bill and holds himself liable to the holder of the bill in case of dishonour, the credit is termed as "with recourse" and when the drawer does not hold himself responsible the credit is "without recourse".

A Revolving Credit :—

Revolving credit is a credit allowed to a person for a fixed amount, irrespective of his drawing within the limit. As drawings are paid to the party his power to avail the full limit of credit again reverts.

Anticipatory Credit :—

In Australia, South Africa and New Zealand a letter of credit called "anticipatory" is in use, which contains a clause entitling the beneficiary to draw on the issuing bank before shipment.

Re-Imbursement Credit :—

Re-imbursement credit is created when a banker in (say) England requests a banker in (say) America to allow an exporter in America to draw bills on the American banker

and the banker in England undertakes to reimburse his correspondent as and when such drawings have to be honoured by the American banker.

Confirmed and Revocable Credit :—

It is often thought that confirmed credit and irrevocable credit are the same. But in fact a credit may be confirmed and at the same time revocable. "For example an American bank may ask its London correspondent to open a credit for an Indian beneficiary, the credit to be irrevocable on the part of the American bank and unconfirmed by the London bank.....where more than one bank is concerned, whether or not the credit is irrevocable by all depends on the instructions each receives".

(Journal of the Institute of Bankers, May 1936).

Confirmed and Unconfirmed Credit :—

When a banker confirms the arrangement between the drawer and beneficiary and authorises the beneficiary to draw upon him (the banker) and agrees to accept and pay the bills if drawn in conformity with terms of the letter of credit, the credit is termed as confirmed. When however, the banker acts only as an agent and does not guarantee that he will accept the bills on presentation but authorises an exporter to draw bill upon an importer, the credit is unconfirmed.

The following illustration will clear the nature of 'confirmed credit'.

Say an Indian importer desires to import goods from America and undertakes to pay in sterling by opening an account in London in favour of the exporter. The Indian importer will request his banker in India to arrange with

a London banker to establish the credit on the terms, say of payment against delivery of documents by the American exporter. Now the American exporter may like to be assured that definite payment will be made in terms of the credit and he may desire a confirmed credit. The importer may by paying a small extra commission arrange for the London banker to give his confirmation to the American exporter that payment is assured.

A letter of credit is not negotiable, so it can not be transferred by endorsement, as the credit is meant for a certain party. The protection under law afforded to cheques, drafts regarding endorsement etc., is not extended to letter of credit, as it is not a negotiable instrument.

It is the usual practice of bankers to debit the customers' account with the amount and credit "Letters of Credit a/c", when a letter of credit is issued, to know his total liability under this account. Whenever the payment is made the corresponding account is debited. "If not debited to his current account on issue, it may be necessary, if the customers' account is overdrawn, to require security in order to protect the bank against its undertaking in the letter of credit to honour drafts drawn thereunder. The amount of the letter of credit is passed to contra accounts in the General Ledger and reversing entries are made whenever a payment is made under the credit.

(Dictionary of Banking. Page 374).

SAFE CUSTODY OF ARTICLES.

Banks keep for safe custody customers' documents, ornaments or other valuables, where the bank has a strong room of its own. Generally the bank does not take any responsibility with regard to the contents of the container, as it is not possible for the bank to ascertain everytime the contents. The bank is only responsible for the safety of the box or package, lodged with the bank as the customer is at liberty to take out or replace things in the container. Generally the box is sealed by the customer in presence of the bank officer and the bank is responsible for the mutilation of the seal only. Following is the usual form of receipt granted by the bank for safe custody of the articles :—

"Received fromfor safe custody the under mentioned articles marked.. the contents of which are unknown."

Register of Articles in safe Custody :—

A register of boxes shall be maintained in which all locked boxes, packages, and sealed envelopes shall be entered under appropriate columns giving the name of the depositor, the distinctive number of the boxes, and other identifying marks and numbers etc. Wherever possible the depositor should be asked to declare the nature and value of contents of sealed boxes and packets and in the event of the value exceeding Rs. 5,000 the fee shall be based on the declared value of the articles and shall be $\frac{1}{2}\%$ per annum of such value or such other fee as may be determined by the bank.

Safe Custody of Securities

Government promissory notes, Bearer Bonds, Stock Certificates, Debentures, Shares and other securities may be accepted for safe custody and the form of receipt to be issued in such cases is as under.

"Received from.....for safe custody the under mentioned securities of the aggregate nominal value of Rs....."

Charges for safe Custody of Securities

A withdrawal fee of $\frac{1}{4}\%$ payable at the time of withdrawal, shall be charged for the safe custody of securities. A further fee of $\frac{1}{4}\%$ on all interest collected and dividends realised in respect of securities in safe custody shall be charged and deducted from the interest or dividends realised. (The above charges are usually made by present day bankers).

Special Rates

For the safe custody of securities exceeding Rs. 1 lakh in value, special rates may be quoted. Branches who are members of any Association of Banks or signatories to a rate agreement, shall follow the rates prescribed by the rules of the Association or by the agreement.

Inspection or Temporary withdrawal of Securities

Inspection or temporary withdrawal of securities by a depositor may be permitted without additional charge, provided the following conditions are observed —

(a) Inspections or temporary withdrawal takes place not more than once in each calendar quarter (non-accumulating).

(b) No alteration or addition to the relative Safe Custody Receipt is entailed.

(c) The Securities temporarily withdrawn are returned to the bank intact within 24 hours.

On any infringement of the above conditions, withdrawal is presumed to have taken place and commission, where applicable, becomes payable in accordance with the scale laid down above.

Exemptions :—None of the charges specified above generally apply to.

1. Securities held exclusively against regular overdrafts, loans, advances, etc. But it is incumbent upon the bank in order to prevent evasion of safe custody charges to limit the securities deposited by a borrower against advances to a value commensurate with the risk involved and to treat any further securities held on behalf of such customer as on safe custody account.

2. Transfer of script or other items from one branch of the bank to another in the same country.

3. Bank's own deposit Receipt.

NOTE :—No script or bearer Bonds shall knowingly be accepted for safe custody in boxes or packets as it is considered desirable that details of negotiable securities of this nature should be recorded in the bank's books.

Safe Custody Register (No. 2).

A separate Register of Securities held in safe custody shall be maintained, in which shall be entered full details of all securities lodged in safe custody such as the

distinctive numbers and face value of shares, details of Government Securities, interest dates etc.

Charge of Articles and Securities :

All articles and securities lodged in safe deposit shall be held in joint custody of the Cashier and the Agent or Account.

Specimen Signatures of depositors in safe custody shall be taken on the counterfoil of the safe Custody Receipt Book.

Letters of Confirmation of Articles and Securities in Safe Custody :

Letters of Confirmation of articles and securities in safe Custody (in duplicate) should be sent every half-year to the depositors and return of such letters duly signed by them should be insisted upon.

Deposits in joint names :

If articles are deposited for safe custody in joint names they should not be delivered without the written authority of all the parties. In case of death of one of the depositors, the authority of his legal representative should be obtained before delivery to the survivors. But if a previous mandate is taken to deliver the goods to either of the parties or survivors in case of death of one of the parties, then that can be followed.

Bankrupts, Executors & Trustees :

If the party depositing the articles become bankrupt, the direction of the Official Receiver should be obtained.

Signatures of all executors of a deceased customer should be obtained before delivery of the safe custody articles to them.

When articles are deposited in the names of the executors themselves as such, the signatures of all or the survivors should be obtained before delivery.

In case of trustees, all should sign the receipt before taking delivery.

General :

If a banker delivers the articles to a wrong person or does not deliver them to the customer or his authorised agent on demand, he will be liable for conversion apart from negligence.

A banker has no lien on articles kept for safe custody unless there is specific agreement for it.

Now a days, banks are running safe deposit vaults, where customers leave their goods at their risk and the bank only guards the vaults.

CALL, SHORT, FIXED DEPOSITS AND CASH CERTIFICATES.

Title of Accounts :

Under the head of Call Deposits are credited all deposits received, which are repayable at call or at less than 7 days' notice. Deposits repayable at or exceeding 7 days' notice or for periods of 7 days' or over and under 6 months are usually credited to Short Deposits. Deposits, for six months and over are credited to Fixed Deposits.

Small Depositors :

Small Depositors should be encouraged to deposit money with the bank and if amounts, however small, over Rs. 10/- are deposited with the bank for say 6 or 12 months, (not shorter than 6 months), the same rate must be quoted as allowed to depositors of larger amounts. These small deposits in time form the back-bone of any bank's business and every encouragement should therefore be given.

Payment of Fixed Deposits before Maturity :

It is laid down as a definite rule that fixed deposits should not be repaid before maturity, especially in times of crisis or monetary stringency, except under very special circumstances and with the previous approval of Head Office. The answer to be given to constituents making such a request should be to the effect that these fixed deposits are in the nature of contracts and that the bank when making these contracts with borrowers looks to depositors also to keep their contracts. When it

is decided to repay fixed deposits before due date, either the accrued interest is forfeited or a discount is charged for the unexpired period of the deposit at 2% or so over the rate shown on the deposit receipt, whichever is more favourable to the bank. Care should be taken to ensure payments of fixed deposits to the proper person. Even if proper authority is given in favour of a third party by the depositor to receive the deposit amount, the bank should require proper identification of the person before paying the money. If money is paid to a wrong person, the amount can not be debited to the depositor's account. A banker should ask for a letter demanding or directing payment of the deposit money to another banker and should not pay only against the discharged receipt, as the signature does "not purport to be an authority to the issuing banker to pay over the money" (Collins J. in *Evans vs. National Provincial Bank of England*, 1897). A collecting banker also will be liable to wrongful conversion if a fixed deposit receipt is collected through it by fraud, as in this case he has no statutory protection. If the Deposit Receipt only acknowledges the deposit, the banker can not legally demand its production before payment, but if the Receipt is in such a form that the signing of the receipt is obligatory, then it may be demanded before payment.

If the deposit is for a fixed period the limitation period begins to run from the expiry of the due date, but if the condition of the deposit is that the fixed deposit receipt is to be returned before payment can be made, the limitation runs from the date when the receipt is returned to the bank and in the latter case, Garnishee order has no effect on the account represented by the unreturned receipt.

Lost Deposit Receipt :—

If an application is made to the bank for the issue of a duplicate Fixed Deposit Receipt or for the payment of a Fixed Deposit amount without production of Fixed Deposit Receipt, which had been lost or destroyed, the application must be accompanied by a declaration and a letter of indemnity (See Appendix for the form.)

Overdue Deposits :—

No interest will accrue on overdue fixed deposits but in special cases interest at the rate allowed on current deposits may be allowed from the date of maturity to date of payment.

Fixed Deposits Repayable at the Office of Issue :—

Fixed Deposits are repayable only at the office issuing the Deposit Receipt except in cases where special arrangements have been made at the time the deposit is accepted for repayment of the deposit, at another branch.

“Not Transferable”

Usually fixed deposit receipts are marked ‘Not Transferable’ on their face and by nature they are not negotiable instruments, so a customer by writing his name on the receipt and transferring it to another person for value, confers no legal right on the person to whom he gives it (*Moore vs. Ulster Bank, 1877*). But certainly the deposit, which is a debt of the bank, and of which the receipt is a memorandum, may be duly assigned in the same way as any other debt and by due notice of the assignment given to the bank. Nevertheless, the banker has the

right to set off any loan due by the depositor at the time of receiving such notice, at the time of paying the amount to the assignee.

Cash Certificates :—

Now many banks issue cash certificates. These are similar to the cash certificates issued by the post offices or the Central Govt. Certificates in the denomination of Rs. 10/- or multiples of Rs. 10/- are issued by the bankers at a lesser amount than the face value. The banker calculates 3 or $3\frac{1}{2}\%$ interest compounded for three or 5 years (the period of the certificates) and fixes up the amount of issue price. Some banks allow encashment of these certificates earlier than the maturity period at a rate fixed by them on the above interest basis and some allow loan against them. A register of cash certificates with ledger of individual depositors should be maintained.

INVESTMENTS.

General Instructions

1. *Applications for Loans and Overdrafts :—*

Applications for loans and overdrafts, the amounts of which are within the discretionary powers of the Agents, shall be dealt with by the Agents, having due regard to the character, capacity and business reputation of applicants and the adequacy of the security offered. Such advances shall be reported to Head Office in the weekly statements. Other applications should be forwarded to Head Office for sanction and shall be drawn up in prescribed form, giving full particulars of the amount required, security offered, purpose of the loan, report on the character, means and standing of the party requesting the advances, period of the loan and rate of interest. In every case the Agent must clearly state whether he recommends the advance or not.

2. *Other Liabilities of Applicants :—*

Applications for accommodation sent up to Head Office must be accompanied by exact information as to any other accommodation which the bank has already granted or is in the habit of granting to the party. Unless such information is forthcoming, it is impossible for the matter to receive proper consideration and delay is bound to result. Branch Agents should pre-suppose that Head Office knows nothing of the subject at issue and then turn their minds towards giving every item of information that may appear to have any bearing on the subject.

3. *No Loan to new-comers or out-of-town clients:—*

Agents should be careful not to grant advances against share or other securities either to strangers setting up new business in the town, or to parties residing outside the town where the branch is situated, unless such parties are well-known to the Agent and are of undoubted financial standing and credit. There are instances where advances to such parties have resulted in costly legal proceedings and serious losses.

4. *No Fixed loan to run for more than six months:—*

Whether an advance is granted by way of Fixed Loan or Overdraft, there should be a stipulation that no advance shall run for a longer period than six months (or such shorter period as may be stipulated at the time of granting the advance) and on the expiry of this period advance should be called up either for payment or renewal.

In the case of fully secured advances no notices calling up the account should be sent. But the loan should be renewed for a further period of six months.

All secured loans and overdrafts which are not for fixed period shall be treated as Demand Loans, so that no notice need be sent as long as the account is in order.

Even where an advance is made for a fixed period, the bank should usually stipulate that it may at any time claim repayment on demand.

No clean loan shall run for a longer period than six months.

5. *Minimum Amount of Overdrafts:—*

While every Bank is anxious that it should cater for both small and big business alike, it has been observed

that a very large number of small overdrafts generally get into the bank's books. As a general expression of opinion, it is advisable to avoid overdrafts of under Rs. 1,000/- as the trouble involved in these accounts is not commensurate with the profit earned on them.

6. *Minimum Amount of Loans Against Jewellery :—*

This restriction does not apply to advance against gold jewellery. For this class of business, new branches may start with a minimum limit of advances of Rs. 50. It is however desirable that this limit should gradually be raised to Rs. 100. Branches operating in countries which have imposed certain restriction on the transaction of pawn-broking business either by means of Pawn-Brokers Acts or provisions contained in Municipal and Local Bodies Acts, shall refrain from doing business which comes within the description of pawn.

7. *Declaration of Names of Partners of Firms :—*

Before entering into business relations with any firm, the Agent should insist upon a declaration of who the partners of the firm are and the appropriate form should be filled up by all the partners. It is much easier to get this before a business is finally concluded rather than that Agents should approach them at a later date for this information. When Current Accounts of firms are opened, (the appropriate Account Opening Form has provision for the declaration of the names of partners) this form should be filled up in detail and all information obtained before accounts are opened.

It would be better still if a certified copy is obtained from the Registrar of firms, of the declaration about the constitution of the firm.

8. *Interest :—*

As a general rule interest at a slightly higher rate than that imposed on loan accounts is charged on overdraft accounts. Interest on overdraft accounts should be debited monthly.

Whatever security is taken against an overdraft account, it should be expressed to be in the nature of continuing security so as to prevent the operation of Clayton's Rule.

9. Interest on fixed loans is charged on the basis of the documents. Some banks charge the interest quarterly, some half yearly. Where the provisions of the local Money Lenders' Act apply, the interest can not exceed the amount provided under the law, in such cases where the law applies.

10. *Difference between Mortgage & Pledge :—*

A banker should know the difference between mortgage or hypothecation and pledge or pawn.

Mortgage is the transfer of the right title and interest by the debtor in a specific immovable property for the purpose of securing the payment of his loan, existing or future or for the performance of an engagement which may give rise to a financial liability. Mortgage may be simple, by conditional sale or usufructuary. In mortgage by conditional sale, the debtor or mortgagor ostensibly sells the property on specific condition that on default of payment of the loan amount on a fixed date mentioned in the document the sale shall be absolute but if payment is made the sale shall be void etc.

In usufructuary mortgages the mortgagor delivers the provision of his property mentioned in the mortgage deed or expressly or by implication binds himself to deliver such possession to the Bank and authorises to retain such possession till payment of the loan amount and to receive the rents and profits of the mortgaged property and to appropriate the same in lieu of interest or against the mortgaged amount. The form of English mortgage provides the transfer of mortgaged property absolutely to the bank (mortgagee) with the condition that he will repay the amount on a certain date but subject to a proviso that the mortgagee will retransfer the property to the debtor upon payment of the full dues of the mortgage.

(For further details please refer to 'Advance Against Immovable properties' of this Volume)

Pledge :—

The bailment of goods as security for payment of a debt or performance of a promise is called a pledge. The essential condition of a pledge is that the possession of the pledged goods by the pledgor or pawner be transferred to the pledgee or pawnee. The pledgee has the right to recover all costs, interest etc. including the principle amount out of the pledged goods. If pawner becomes a defaulter the pawnee can either file a suit against him and retain the pledged goods as collateral security or can sell the goods by giving reasonable notice to the debtor.

In case of mortgage or hypothecation however the lender has no right to sell the property without obtaining court order.

The stamp duty for pledge is lesser than mortgage. The stamp duty of mortgage and pledge differs in different provinces.

TYPES OF LOANS & SECURITIES IN CONNECTION THEREWITH

Unsecured Advances :—

The Bank as a rule should not favour the granting of any unsecured advances, particularly to private individuals, the exceptions to this rule being :—

- (i) The purchase or discount of clean demand bills for merchants of good standing under limits fixed by Head Office.
- (ii) The discount of muliani or shroffe bills.
- (iii) Advances against joint and several promissory notes of first class firms.
- (iv) Purchase of approved Bank drafts and Hundies of first class firms.

Unsecured advances against single signature promissory notes are frowned upon by the Directors of every sound bank.

The joint signatures of two or more individuals connected with each other in general partnership shall be deemed to be a single signature.

Trust Receipts, Guarantees etc.,

to be deemed clean advances :—

Trust Receipt facilities, signing of letters of guarantee on behalf of constituents and other similar

transactions are essentially in the nature of unsecured advances and such business should be done only under proper limits sanctioned by Head Office.

Unaccepted Usance Hundies :—

Unaccepted usance hundies should not be paid for pending acceptance by the drawee unless a special limit has been fixed for business of this description.

Other classes of unsecured business might from time to time come up before the Agent and the essence of these instructions is that no unsecured business should be done by the Bank without proper care and full knowledge of the standing of the party.

Precaution against Promissory Notes getting time barred :—

Special care should be taken to see that promissory notes do not get barred by limitation. In the case of clean loans and overdrafts, renewal of promissory note should be obtained once in six months and in any case not less than once a year and in the case of other accounts including secured advances, where promissory note is taken along with shares or other collateral securities steps to renew the promissory note should be taken at the end of two years from the date of commencement. A special diary must be kept in the Securities Department for this purpose. Though the time for limitation of promissory notes is three years and mortgage loans is six years, the above procedure should be followed for safety.

Secured Loans and Overdrafts :—

In the case of secured loans and overdrafts, promissory notes accompanied by letters of continuity should

invariably be taken in addition to the other securities and forms :

Stock Exchange Securities :—

In this category are included Government Promissory Notes, Government Stock certificates, obligations of local bodies like Municipalities. Port Trusts and Improvement Trusts, Debentures, and Preference and Ordinary shares of first class companies : No advance should be made against the shares of own Bank. This is against the law also. It is not customary to advance against the share of any other joint stock banks, whether registered in India or outside India. The only exceptions to this rule are : fully paid and partly paid shares of the Imperial Bank of India and shares of the Reserve Bank of India.

Stock Exchange securities eligible for advances by the bank are generally included in an Approved list of the head office of every bank, which should always be referred to before an advance is made by branches ; and the margin requirements stated therein should be strictly adhered to by the branches.

Documents to be taken in connection with different advances are dealt hereinafter.

Advances against Government Securities :—

Government promissory notes endorsed in favour of the Bank (preferably the holder should endorse the bonds in the presence of a responsible officer of the Bank), or Government Stock Certificates with the Transfer Form at the back duly signed and attested, should be accepted along with :—

Security Delivery Letter

Letter of lien

The attention of the reader is particularly drawn to the implications of the Privy Council decision in the suit between The Secretary of State *vs.* Bank of India Ltd.

Prior to this Privy Council decision it was commonly believed that by getting a Government Promissory Note renewed, the holder got an indisputable title on it. But as a result of this Privy Council decision, the person applying for the renewal is now deemed to guarantee all the signatures on the Promissory Note and should there be a forged endorsement, he and all the others deriving the title from the forged endorsement are liable therefor.

Extra care should therefore be taken in dealing with Government Securities. The safest course to adopt when a Government Security is offered for sale or as security for a loan is to insist that the endorsement in favour of your bank should be by another bank which is a member of the Clearing House. It is understood that the Imperial Bank and Reserve Bank stipulate with brokers at the time of purchase, for delivery of bank-endorsed securities. In cases where this is not possible, the following precautions recommended by Sir James Grig in a statement made by him on 18th February 1939 should be closely followed :

"The remedy in the hands of Banks and other dealers also seems plain. They should, as in the case of other negotiable instruments take reasonable precautions that the previous endorsee is a party of standing or one known

to them ; and insist in other cases, if there is any element of doubt, that the scrip should be renewed before they take it, in which case they will be fully protected so long as they take the simple precaution of satisfying themselves that the party selling them the note is the actual party in favour of whom the note was renewed."

Advances against obligations of local bodies :—

The same procedure as in the case of Government Securities should be followed.

Advances against debentures :—

Letter of lien, Transfer Deed, Debenture certificates and a Security Delivery Letter are to be taken.

Advance Against Shares

Security Delivery Letter, Share Certificates, Transfer Deeds and Letter of Lien are to be taken.

When shares are delivered as collateral security for advance the Bank should make a point to see that the shares stand in the name of the borrower or, if they stand in third party's name, have them transferred in the name of the Bank. (None but fully paid shares should be transferred into the name of the Bank). No advance should be made against any partly paid shares (the partly paid shares of the Imperial Bank of India are an exception to this) as there is a contingent liability on the Bank of making good the calls in order to keep the security intact. In the case of some shares, the unpaid liability is 3 to 4 times the paid-up amount and it would be a serious matter if customers fail to make good such calls and leave it upon to the bank to do the needful to preserve its security.

In exceptional cases, where advance against shares registered in third party's name is granted, duly signed Letters of Authority by the registered holder authorising the borrower to pledge the shares to the Bank by way of security or continuing security, as the case may be, should be taken,

To constitute a valid pledge there must be such delivery of possession of property intended to be pledged to the pledgee, by virtue of which he can exercise the power of sale for realising the debt. In other words, in the case of share certificates, duly executed transfer deeds should also be lodged with the pledgee to enable the pledgee to deal with the shares by filling up the necessary details in the transfer deed at the time of exercising the right of sale under the pledge.

Shareholders' signatures in Vernacular :

Most companies stipulate that shareholders' signatures in vernacular should be attested by a Magistrate or Justice of the Peace. When so attested, the deeds are dated by these officers and if such transfers are held in blank and the bank has to realise the security, the dated transfers will not be good delivery to the market. It is therefore advisable in such cases to have the shares transferred in the bank's name at the time of granting the advances.

Special Forms of Transfer

Some Companies insist on special Forms of Transfer. A list of such Companies should be maintained and when

shares of such Companies are delivered, the common Form of Transfer should not be taken.

Mandate for Collection of dividends

It would be advisable to take, in addition, a Mandate from the borrower for collection of dividends and have such Mandates registered with the respective Companies so that interest on the account is automatically collected from dividends.

Kutchra Documents

Temporary Receipts and Certified Transfer Deeds, although recognised as to form the title to shares, are not quite desirable forms of security, and when they are accepted as a special case from respectable customers, should forthwith be exchanged for definite share certificates from the Companies. Brokers' Delivery Orders for shares should not, in any circumstances, be accepted as equivalent to share certificates themselves.

Special Precautions re : Heavy Shares

Agents should thoroughly be familiar with the market lots in which Share Certificates are usually issued by Companies and should beware of fraudulent alteration of the number of shares mentioned in the certificate, particularly in the case of heavy scrips like Bombay Dyeings, Kohinoors, Tata Ordinaries, Gourepore Jute, Kamarhatty Jute, Dena Bank, Indian Iron and steel Corporation etc.

Notice to Companies

Notice of lien should invariably be forwarded to the Company by registered post with a request that

the Company should acknowledge the notice. It is usual, however, for Companies to refuse to acknowledge receipt of the notice, or to reply that the Company is unable to recognise any equitable lien. Even if such a reply is received, the effect of the notice will, however, be to give the Bank priority over any subsequent advances which may be made by the Company to the shareholder, for although as custodian of the Register, the Company is precluded from recognising the charge, it is, nevertheless, bound by such notice as regards any subsequent advances made by itself. Furthermore, the giving of such notice to the Company may elicit a warning of the existence of other interests.

No Advance against shares subject to Transfer Restrictions or shares of Private Companies

Agents should make every endeavour to ascertain before they give advances on shares (particularly shares of local or shares dealt exclusively in the area in which any of the branches of the Bank operates) whether any restrictions exist in the Articles of Association of Companies concerned with regard to transfers. Such restrictions are found to exist in the Articles of Association of some public companies also. No advance should be made against shares with such restrictions on transfer or against shares of Private limited Companies.

Share of New Companies

No advances should be made against the shares of new companies as they constitute poor security till such time as the Company is able to earn profits and pay steady dividends.

Advances against share Application Receipts or Applications Receipts accompanied by Allotment letters blank endorsed, should not be made. If however such advances are made under any special circumstances notice should immediately be given to the companies concerned that the Application Receipts and Allotment letters are held by the Bank as security and when the shares are ready for delivery, these documents together with a letter of authority should be forwarded to the Company for being exchanged with Share Certificates. It might, however, be pointed out that cases have occurred where inspite of all precautions the Companies have sent the Share Certificates direct to the allottees and disclaimed responsibility to holders of allotment letters.

Register of Security

Letters of Confirmation of securities (in duplicate) should be sent every half-year in connection with all loans and overdrafts against marketable securities and the return of such forms duly signed by customers should be insisted upon.

Advances against Post Office Cash Certificates :—

Post Office Cash Certificates are not a desirable form of security as it is possible for the holder, by representing that the certificates have been lost, to obtain duplicate certificates and cash them without the knowledge of the Bank. In the case of very respectable holders, however, certificates endorsed in blank with a Letter of Authority directing the Postmaster to pay the certificates to the Bank may be accepted.

Non-assignability of Cash Certificates as Security for loan

The attention of the reader is drawn to the following regulation in the Post Office Guide :

"Transfers of Cash Certificates by holders as security to private individuals, banks or other concerns are prohibited. Recognition also will not be accorded to the deposit of or other dealing in Cash Certificates for the purposes of security as between individuals, banks or private concerns and Government accept no responsibility for repayment of Certificates so dealt with otherwise than to the Registered holder thereof."

Advances against Fixed Deposit Receipt :—

Advances against the Bank's Fixed Deposit Receipts may be freely made. In such cases it is advisable to take a letter authorising the Bank to hold the Fixed Deposit as security, together with a letter of Authority to adjust the advance against the deposit on the due date.

No advances shall be made against Fixed Deposit Receipts of other banks. This type of collateral is very unsatisfactory as the only way by which security can be created over a deposit is by formally assigning the deposit in favour of the lending Bank and by the issue of the notice of assignment to the bank which has issued the deposit receipt. A Fixed Deposit Receipt is an actionable claim and the right therein cannot be transferred except by assignment.

Advances against Life Insurance Policies :—

Life Assurance Policies form excellent security and advance can ordinarily be made upto 85% or 90% of the

surrender value thereof. Certain important precautions have, however to be taken which are as follows :

- (a) The borrower should be a salaried person or a business man with an assured income and in a position to meet premium payments easily and promptly.
- (b) The Bank must see that the premiums have all been properly paid-up and that future premiums are also paid as they fall due.
- (c) Proof of admission of the age of the assured should be seen.
- (d) The Bank should ascertain the surrender value of the Policy from the Insurance Company as on the 30th June and 31st December every year.
- (e) The Policy should be carefully perused to ascertain whether it contains any special conditions or restrictions which may reduce its value as security.
- (f) The Policy should be assigned to the Bank in the following terms :

"I/We hereby assign my/our right, title and interest in and within this Policy of Insurance to....., whose receipt shall be a sufficient discharge to the Insurers for all monies payable thereunder."

In addition a letter should be taken by which :

- (i) The assignor undertakes to pay the premiums regularly and do nothing which would vitiate the Bank's security.
- (ii) The assignor authorises the Bank to surrender the Policy to the Insurance Company at the Bank's absolute discretion ;

- (iii) The assignor agrees that the Policy shall be a continuing security for the advance and any future advances that may be made.

Notice of assignment signed by the assignor should be immediately sent to the Insurance Company in pursuance of Section 38 of the Indian Insurance Act.

Caution : Where an Insurance Policy tendered as security contains a nomination in favour of the wife, child or other near relation of the life assured, it is not within the competence of the policy holder to deal with the Policy in any way. The Courts have held that in such cases a contingent trust for the benefit of the nominees has been created and such policies should therefore be avoided. Policies which contain a nomination within the meaning of Section 6 of the Married women's Property Act should likewise be rejected.

Custody of Securities :—

The Agent and the Accountant shall hold joint custody of all the securities.

ADVANCES AGAINST MERCHANDISE

GENERAL PRINCIPLES :

The following general principles regarding advances against merchandise should be carefully observed :

1. Merchandise shall be taken as collateral security only from persons of known respectability.

2. Loans against merchandise should only be granted where there is a reasonable assurance that the money lent will be recovered without necessarily having recourse to forced sale of goods by the Bank.

3. Only such merchandise should be accepted as security as are staple produce or consumption goods, easily marketed locally, and in which transactions are being done freely and reliable quotations are obtainable daily.

4. Only merchandise included in the Approved List of Bank should be accepted as security.

5. Loans should only be granted to merchants and dealers in the line with proper regard to their capital and their legitimate trade requirements.

6. Advances should not be given for the purpose of enabling merchants to overtrade or to speculate by holding stocks too long for any anticipated rise in prices nor should advances be granted to adventurers who have not been established in the line and who merely wish to speculate on the chance of rise in price.

7. No advance against merchandise should be made if the godowns in which they are stored are situated too far from the branch,

Precautions to be observed whilst making Advances against Merchandise :

While loans against merchandise have been found to be reasonably safe if proper precautions are taken, experience teaches that there is risk of loss if the advances are allowed to remain for a long time without liquidation. Advances should not be given against merchan-

dise unless the stock is to be cleared inside a definite period. It should not be more than three to six months at the most. The market values should be constantly tested and care taken to see that the stipulated margins are maintained. Special care should be taken to see that imported merchandise at high invoice value is not tendered as security and that no old stock is allowed to remain in the bank's hands.

Forms to be taken :

Advances should be made only after the actual storage of goods is verified by an officer of the Bank and a godown certificate is received from the godown-keeper, fire insurance cover notes are received and on execution of the necessary documents.

Documents of Title to goods :

Sometimes the bank is called upon to advance against documents of title to goods. The following are the principal documents of title ;

1. Bills of Lading
2. Port Commissioners' Warrants
3. Ware-House-Keepers Certificates
4. Delivery Orders
5. Railway Receipts

Bills of lading by approved steam ship lines if tendered in full sets may be accepted as security subject to the goods being on the bank's Approved List and hypothecation, insurance, and other formalities being complied with. Bills of Lading must have been paid for before they are accepted as security.

Warehouse Receipts and Delivery Orders :

Port Commissioner's Warrants if made out in such form that goods are deliverable to the persons mentioned therein or to their order by endorsement, may be accepted without question. Warehouse-Keepers' certificates merely acknowledging receipts of goods from the depositor is no security. Port Commissioners' Certificates which are not in the form of Warrants deliverable to order, are not negotiable and if such certificates are tendered as security, fresh certificates of deposit in the name of the Bank must be obtained before advances are granted. No delivery orders of mills, manufactures or firms should be accepted as security without proper enquiry and in cases where they are approved, notice should be given to the firm issuing the delivery order and the goods should be assigned to the Bank before advances are made.

Advances against Railway Receipts :

No advance should be made against Railway Receipts as the possibilities of the Bank being defrauded by means of Railway Receipts, are very great. The documents may be forged, the goods may be wrongly described and the quantity may be fraudulently raised; and the Railway Companies do not guarantee the contents of cases or bags. It is therefore necessary that bills accompanied by Railway Receipts be negotiated only for thoroughly reliable and creditworthy persons or to manufacturers and for reasonably small amounts. If Railway Receipts are offered as security, advance should be given only after receipt of goods in bank's custody.

Books :

The following books shall be maintained in connection with merchandise loans :

1. *Godown Certificate Inspection Book* :—A record of where the merchandise held as security against cash loan is stored, giving details of godowns, measurements, amount advanced and the dates when inspected etc.

2. *Merchandise Loan Register and Ledger* :—This is a record of the documents taken, details of personal account, and interest ; details of merchandise held as security and its deliveries, and particulars of insurance of each account in the name of the borrower. All the loans of any one party should not be entered in one place or Ledger folio. But separate accounts for each loan should be opened in chronological order and the serial number of the godown certificate and Inspection Book should be maintained in all books.

3. *Godown Key Register* :—A record of the Bank's padlocks and keys affixed to the various godowns in which merchandise is stored under Bank's lien.

4. *Godown Insurance Diary* :—A Diary recording the dates on which Insurance Policies on the merchandise contained in various godowns are due.

5. *Register of Delivery Orders* :—A register of Delivery Orders issued and the dates on which the deliveries are made and of return of keys.

6. *Delivery order Book* :—A book of delivery orders with counterfoil, instructing the godown-keeper to deliver the merchandise detailed in the order to the borrower.

Delivery orders must be discharged by the borrower in token of his having taken delivery of merchandise and must be pasted with the counterfoil in the book.

7. *Merchandise Loan Liability and Analysis Book* :—

This is a subsidiary personal liability ledger for merchandise loans outstanding against each party and also an analysis of loans against each commodity. The balance in the different accounts in the various loans against any one borrower should be brought together and entered in one place and figures should be entered in the several columns against the various commodities, so that the liability of any one party against each commodity and the total liability may be known at a glance. The horizontal and vertical totals in the book would show how much the branch has outstanding against each party and against each commodity.

The analysis enables a comparison to be made (i) of the liability of the various parties and (ii) of the total advances against each commodity with the figures for any previous or corresponding periods.

8. *Register of Godowns* :—This book should be maintained at branches where there are a large number of godowns. It should contain full particulars of godowns placed under lien.

9. *Insurance Register* :—This should be maintained where several loans are granted to the same party in one godown. It should clearly show whether new policies are required and the amount for which policies are required to be renewed to cover merchandise in the godown.

10. *Register of Market Prices* :—A record of weekly market prices of the various commodities pledged with the Bank shall be noted in an ordinary diary every week and also as often as there are wide fluctuations in the meantime. Copy of this should be sent weekly to the Head Office.

Duties and Responsibilities of Godown-Keepers :

The following are the duties and responsibilities of the Godown-Keepers .

1. Godown-Keepers are required :—

- (a) to satisfy themselves that the godowns in which merchandise is stocked are in good condition, so that the merchandise is not likely to be damaged or to depreciate, properly secured (i.e. provided with bars and bolts to the doors, windows and sky lights etc.,) easily accessible to the officers of the Bank at all times and situated in a safe locality and that proper arrangements have been made for the safety of the goods, or to watch the godowns at the expense of the borrower ;
- (b) to fill up the prescribed godown certificate ;
- (c) to keep in close touch with movement of merchandise and prices in the local market and to keep the Agent duly informed of them;
- (d) to maintain a "Register of the Market Prices" of the various commodities in the Bazar and
- (e) to make reports on such other matter as may be referred to them.

2. Godown-keepers with their peons and watchmen should be present and personally supervise the storage and release of goods.
3. They are responsible for :
 - (a) the correctness of the details filled in the Godown Certificate and in the Register of Market prices ;
 - (b) the quantity, quality and condition of goods stored in the godown.
 - (c) the valuation of merchandise ,
 - (d) the varification of stocks remaining after part release or delivery ;
 - (e) putting up the boards with the Bank's name prominently outside the godown ;
 - (f) locking up and sealing of the godowns ;
 - (g) the return of godown keys to the Agent or Inspectors ;
 - (h) obtaining the discharge from pledgers for the goods released and
 - (i) any negligence in the discharge of their own duties whether wilful or not, and in the discharge of duties by the peons and watchmen working under them at the godowns.

Facilities should be given to the godown-keepers to engage such peons to help them in whom they have confidence.

Caution in selection of godown-keepers :

Owing to the duties and responsibilities which rest on them, the godown-keepers should be carefully selected.

The godown-keepers must possess the necessary practical experience in the line.

Godown-keepers Agreements

Every godown-keeper should furnish sufficient cash security.

Every godown-keeper shall sign the agreement of service prescribed by the Bank (see appendix). The security amount shall be repaid to him strictly in terms of his agreement.

Method of Storing

- (1) **STORAGE IN BULK :—**The godown should not be filled up to the top but sufficient and uniform space from the roof should be kept for one to go in and move about.

When the contents have been verified by the Bank's godown-keeper, he should place the Bank's padlocks on the door, a piece of cloth should be put and sealed with the Bank's seal which prevents the padlock being tampered with.

- (2) **STORAGE IN BAGS :—**When the storage is in bags, the bags should be neatly arranged and stored to a uniform height and in a manner suitable for easy checking. A passage for moving about all round and a stairway of bags should be left up in the middle to facilitate storage, releases and inspections. A tally of the godown contents should be kept by the godown-keeper. The doors of the godowns should not be obstructed but they must open wide enough inside the godown.

The godown should be padlocked and sealed as indicated above and the godown-keeper should then fill in a "Godown Certificate."

- (3) STORAGE IN BULK OR GUNNIES :—If a godown can be divided into separate rooms, which can be locked independently of each other, a tally of goods must be kept of the contents of each room separately, so that part deliveries can be conveniently effected. But no partial delivery of the goods in any such one separate room can be made except in the case of storage in gunnies.

Goods belonging to different parties should not be stored in the same godown.

Method of estimating the quality of stocks :

The godown-keepers, Agents, and Inspectors must be competent to identify the grade or class of goods stored. The godown-keeper with their peons and watchmen should be present all along during storage in bulk. While taking charge of the godowns, godown-keepers should examine and watch the quality of the produce being stored. When produce is stored in gunnies, a number of bags should be probed at random during storage and also at the periodical inspection such samples should be taken and examined.

Method of estimating the quantity of stocks stored loose

- (a). STORAGE IN BULK :—Quantity may be gauged by cubic capacity. Measurements (Length x Breadth x Height) should be taken when the godowns are empty and recorded. After

storage, the height of storage should be verified, the cubic capacity ascertained and the number of bags roughly arrived at by division by a standard factor as under :—

Paddy	4 c. ft.	} equal to a bag of 160lbs
Horse Gram	3 „	
Red Gram	3 „	
Green Gram	3 „	
Black Gram	3 „	} equal to bag of 100 srs
Chholi	4 c. ft.	
Soapnut	4 „	
Coriander	4 c. ft.	
Castors	4 „	} equal to a bag of 116 lbs

STORAGE IN GUNNIES :—Bags should be of a standard weight. A certain number should be weighed by the godown-keeper during storage and by the Agent and Inspectors during inspection.

Methods of Inspecting Stocks

(a) **STORAGE IN BULK :—**When the Agent or Inspector goes on inspection of godowns, the godown-keeper and one or more peons must accompany him with necessary things required such as keys, testing rods, pointers, ladder, (for trap door inspection) a lantern or an electric torch light etc. The godown certificate and Inspection Book must also be taken as the details of the godown keys, godown measurements and number of bags, nature of produce and name of borrower etc., are recorded in it. These particulars should be previously checked with Merchandise Loan Ledger and Register. When the Agent or Inspector has satisfied himself that the requirements of a godown and the measurements and quantity are correct

and has examined samples of contents, he should initial the "Godown Certificate and Inspection Book", adding the date and retaining the key in his possession. Where godowns are many the necessary particulars should be entered on labels attached to the keys. These particulars should be compared with the particulars in the "Godown Certificate and Inspection Book" on the Agent's or Inspector's return and the book initialled. A rod may be thrust into the contents and the hand pushed down as far as possible to withdraw samples.

(b) STORAGE IN GUNNIES :—Careful verification of weights of bags and quality of contents is essential. The procedure of inspection is otherwise the same as detailed (a) above.

Inspections of Godowns

The Agent, Accountant, and the Cashier will, by turn, inspect on every fourth Saturday all the godowns in which merchandise, pledged to the Bank as security for loans or hypothecated to the Bank is stored and tender a report. The Officers should keep a record of the maximum capacity of each godown by measuring the dimensions and calculating the cubic contents and verify by actual count the various kinds of goods actually stored, and check up the result of inspection with the Godown Registers and with the reports of Godown-Keepers. The Officers should see to it that the goods are stocked in such a manner as facilitate verification of both the quantity and the quality of the goods. The report should be submitted not later than the Thursday following the date of inspection.

If any officer is on leave, the next on the rotation list^{*} will undertake the monthly inspection.

Insurance of Stocks against Fire

Merchandise must be insured by the borrower and Insurance Policy should be taken out in the Joint names of the borrower and the Bank with a reliable Fire Insurance Company. The due date of the Policies should be entered in the Merchandise Loan Ledger and Register and in the Diary. The amount of the Policy should be also entered in the Godown Diary. Where storage is in gunnies and two or more loans have been granted against produce stored in the same godown and two or more Policies have been issued, an Insurance Register should be maintained, showing the total value of merchandise in the godown and the amount of the Insurance. This will show at a glance the amount for which a Policy required to be renewed to cover the balance of the merchandise remaining. •

Method of granting releases or making delivery

Part releases or deliveries in reasonable lots may be granted in the case of storage in gunnies. But part releases in the case of loan against bulk storage should not be granted except the whole contents of any such one separate room forming part of a godown and where a tally of its contents has been already made and kept as mentioned hereinbefore. On the borrower having first paid into the Bank the proportionate value of the goods to be delivered plus a small percentage to cover debits for interest, insurance and other charges.

if any a Delivery Order addressed to the Bank's godown-keeper giving full particulars of the goods to be delivered or released should be issued by the Accountant under his signature and countersigned by the Agent. On delivery, the godown-keeper should obtain the borrower's signature on the Delivery order acknowledging receipt of the merchandise delivered. Full particulars of delivery Orders, number of loan, number of godown, borrower's name, particulars of goods released and the number of the key must be entered in the Delivery Order Book and checked next day with the "Godown Certificate and Inspection Book," "Merchandise Loan Ledger Register", and "Insurance Register" (when maintained). The return of the discharged Delivery Order and the godown key should be entered later in the Delivery Order Book and initialed. Godown keys must be retained in the possession of the Agent.

Returns

In addition to the returns of Loans against Merchandise granted during the week, a monthly return in the form of the Merchandise Loan Liability and Analysis Book, of all the produce should be maintained. While preparing these returns, Agents should certify that godowns have been inspected every month, that goods have not deteriorated, and that margins have been fully maintained. A copy of the market prices must also be submitted to the Head Office (by branches) every week.

Report about crops or staples

Sufficiently early and at least one month before the agricultural crops or staples of the district are likely to

arrive in the market for finance, the branches should make a general report for the ensuing season for the various commodities likely to be pledged with the bank.

The Branch will state :—

- (a) Estimated acreage of land under cultivation or sown of any particular commodity and whether it is normal, and how it compares with the previous years.
- (b) What is general condition of the crops, the prospects of good crop and its yield.
- (c) The quantity and varieties expected to arrive in the market.
- (d) When the season will begin, how long it will last and the duration for which loans will be required.
- (e) To what extent advances are likely to be taken by your constituents and for what period and what funds are required by the branch for the business in each line.
- (f) And generally furnish such other information (as marketing, forwarding agency etc.) and other details as may be helpful in deciding the programme for financing the local produce.

Register of Godowns

Where there are a large number of godowns placed under lien it may be necessary to maintain a Register of Godowns. In that case the following instructions should be followed.

Full particulars of godowns which are placed under lien should be entered in this book. Godowns will be measured and examined when empty, the measurements recorded, and, where necessary, notes made of construction etc. For instance if there are trap doors opening into other godowns which would not be seen when a godown is full, this fact should be noted. The measurements taken should be as follows: length, width and height only to the top of the walls and not height to apex of roof (in case of tiled or tin-shed godowns): In the case of tiled or tin-shed godowns no storage should be allowed above wall height, i.e., the space above the walls up to apex of roof should not be filled.

Rough plans of godown blocks or godown ranges made in the Godowns Register on the page opposite the pages containing measurement etc. are of great assistance when inspecting godowns. These plans readily enable inspecting officers and Godown Keepers to locate godowns. The method to be followed in registering godowns is as follows.

- (a) If available, a map of the town should be obtained and the town blocked out in suitable parts, which should be lettered.
- (b) The godowns which are placed under the bank's lien should be listed in the order of the streets or general situation and each Godown Range or Godown Yard be given a number. The godowns comprising the Range or Yard should also be numbered.
- (c) A full description of the godowns should be entered in the Register. i.e., Street, Boundaries,

Construction, Insurance Rating, Owner's name and a rough plan should be made in the Register.

- (d) The Bank's Range number and Godown number should be printed on each door.

The Godown Register, if properly maintained, puts the Bank in the position of being independent of Municipal Numbers and of godown-keeper's personal knowledge of the situation of the godowns, and should be very carefully maintained.

ADVANCES AGAINST GOLD AND SILVER

1. ADVANCES AGAINST GOLD AND SILVER BULLION :

Advances may be freely made against gold and silver bullion in the form of bars whose weight and fineness are marked thereon either by the mint or by a first class Bank. In the exceptional cases, advances may be made against loose gold in moderate amounts.

2. ADVANCES AGAINST GOLD JEWELLERY :—

Advances may be made against solid gold jewellery of the fineness of the gold sovereign. In exceptional cases, jewellery of lower fineness than the gold sovereign may be accepted in small quantities but the fineness should in no case be less than 18 carats.

3. NO ADVANCES AGAINST LAC-FILLED JEWELLERY OR PRECIOUS STONES :—

No advances shall be made against ornaments containing wax, lac, copper bars or copper wires nor shall any advance be made against jewellery set with precious stones. Where jewellery consists predominantly of solid gold and a very small portion thereof consists of precious stones or wax filled trinkets, a generous allowance must be made for the weight of such extraneous materials and the advance should be based on the net value of gold. *The value of precious stones must be entirely ignored when assessing the Jewellery. Bangles and other ornaments full*

of wax or lac and covered only with a thin coating gold should be strictly avoided.

4. CAUTION AGAINST BOGUS JEWELLERY :

Agents should bear in mind that owing to the present high price of gold, considerable trade has developed in artificial jewellery which is hardly distinguishable from gold jewellery and very great care should therefore be taken in appraising jewellery.

5. SPECIFIC GRAVITY TEST :—

In addition to the appraiser's certificate to be obtained as provided below, the specific gravity of jewellery should invariably be ascertained. The specific gravity of pure gold is 19'3 and of sovereign gold is 18'43. The specific gravities of gold of different carats are as below :—

Carats	Sp. Gravity	Carats	Sp. Gravity
24	19'3	20	17'57
22	18'43	19	17'13
21	18'00	18	16'70

The specific gravity test is infallible in its efficacy in spotting fraudulent jewellery which might sometimes escape detection even by appraisers. Branches transacting the business of advances against gold jewellery should be provided with specific gravity balances and Agents and Accountants should be thoroughly familiar with the use of this instrument.

6. NO RE-PLEDGES ALLOWED :—

Gold loans shall ordinarily be made in the form of direct loans and not Muccadam or re-pledge advances

except with the express sanction of Head Office (by the branches).

7. FORMS TO BE TAKEN :—

In the case of direct advances against jewellery, the following forms shall be taken :—

Loan Application

Demand Promissory note for the amount of the advance

A Letter of pledge

(Appraisar's Certificate should be attached to these forms)

8. APPRAISERS :—

Jewellery shall be valued only by appraisers approved by the Head Office.

The Branch cashiers or shroffs should ordinarily be competent to value jewellery and in cases where they are not so competent they must make it their duty to learn how to make such valuations.

Where necessary the Branch Agents should be authorised to employ respectable and approved goldsmiths who have furnished proper cash security and signed the agreement of service approved by Head Office.

In branches transacting a large volume of gold loan business, appraisers shall be paid on the basis of a consolidated monthly remuneration. At other offices, the appraisers are generally paid a commission or fee on the loan amount at the rate of As. 2 per Rs. 100 or part thereof with a minimum of or on a fixed fee per each lot.

The monthly remuneration of the appraisers shall be debited to the Bank's Charges Account. Where the appraiser is paid on the basis of a commission, it should as far as possible be recovered from the borrowers.

An appraiser shall furnish cash security of an amount fixed by the Head Office for each branch.

Every appraiser shall sign an agreement approved by the Head Office. The security amount shall be repaid to him strictly in terms of his agreement with the Bank and with the previous approval of the Head Office.

Every appraiser shall be bound to strict secrecy.

An appraiser shall be responsible for his valuation of the jewellery and shall be liable for negligence in his duties and shall make good the deficiency in the value, should the security be sold for any amount below the value appraised by him. The appraiser shall fill up the prescribed forms and make report on such other matters as may be referred to him.

Jewellery shall be tested and weighed in the presence of the owner and the Cashier in the bank premises and the appraiser shall submit his valuation report in the prescribed form.

The Cashier also shall be responsible for the correct description, weights and safe custody of the jewellery and for the particulars mentioned in the following clause.

The appraiser shall ordinarily make a report under the following heads and append a certificate in the form given below :

1. Serial Number
2. Description
3. Gross weight in tolas
4. Net weight of gold contents in tolas
5. Fineness in carats
6. Valuation rate per tola
7. Market value
8. Conditions or remarks

CERTIFICATE OF APPRAISER :

"The jewels and ornaments above referred to were appraised by me and valued at Rs.
I guarantee the above weights fineness and valuation.

Dated :

(Sig. Appraiser)

One copy of the valuation report shall be kept in the case containing jewellery and one in the file of the relative Loan. (For another form of jeweller's certificate see appendix)

9. MARGIN :—

In making advances a margin of not less than 25% of the appraised value shall be maintained to cover fluctuations in the value of gold, accrued interest and expenses of selling in the event of forced realization. In the case of well known borrowers of good standing and of advances against sovereigns, the margin may be reduced from 25% to 20%.

10. SEALED CONTAINERS PROHIBITED :—

No sealed tins, bags or boxes said to contain jewellery should be accepted as security.

Receipts should be given to the parties stating the weight and description of the jewellery, and once in the

bank's possession the jewellery should be stored in unsealed tins or bags, capable of inspection at any time.

The Bank should put on enquiry if any customer suggests that the jewellery he tenders should be kept in sealed containers and such advanced should be refused.

11. AGENTS' CERTIFICATES ABOUT FINENESS OF GOLD :-

In connection with the weekly return Branch Agents shall certify either at the foot of the return or send a separate certificate stating that the jewellery against which advances have been made have been properly approved.

ADVANCE AGAINST IMMOVABLE PROPERTIES

To be granted in exceptional cases :—

The Banks generally do not grant advances against immovable properties, which, as the experience of all banking institutions in India has shown, invariably result in the creation of lock-up assets. In exceptional cases, however, where the ability of the borrowers to repay loans from their ordinary liquid resources is established beyond doubt and where other liquid and desirable business is likely to come to the bank, the bank might grant advances sparingly against properties.

Title deeds may be accepted to cover short-fall :—

Instances might arise in which an advance originally granted might have become out of order by reason of decline in value of the collateral securities lodged or short-fall on realisation. In such cases, if title deeds of properties or unapproved shares or any other assets of value are offered as collateral security to cover the deficit, they may be unhesitatingly accepted notwithstanding that Head Office does not desire to grant any advance against immovable properties which might become lock-ups in due course.

Procedure governing advances against Title deeds :—

Proposals for advances against immovable properties which come under the exception mentioned above should invariably be submitted to Head office, and, if

approved, advances should be made in accordance with the following instructions and any other directions which the Head office might give at the time the proposal is sanctioned.

(a) The same investigation of title and the same searches against encumbrance must be made as if the Bank was the intending purchaser of the property, and it must be ascertained that the intending mortgagor is the person solely and absolutely entitled to the property proposed to be mortgaged and that he is of full age and is solely and absolutely entitled to dispose of the same.

(b) Care must be taken to see that the property is of sufficient value. Generally speaking, an advance upon landed property in which the proposing mortgagor has an absolute estate of inheritance should not exceed one half of the value of the property.

(c) Where the advance is of Rs. 100 or upwards, the mortgage can only be effected by a registered instrument signed by the mortgagor and attested by at least two witnesses ; the party to the instrument cannot be an attesting witness himself.

NOTE

Attestation to be valid in law should be by two or more witnesses each of whom has seen the executant sign or affix his mark to the instrument, or has seen some other person sign the instrument in the presence and by the direction of executant, or has received from the executant a personal acknowledgment of his signature or mark or of the signature of such other person and each

of whom has signed the instrument in the presence of the executant.

Section 59 of the Transfer of Property Act requires that a mortgage for over Rs. 100 other than a mortgage by deposit of title deeds can only be effected by a registered instrument signed by the Mortgagor and attested by at least two witnesses. It is therefore obvious that a person cannot be an attesting witness and cannot sign as an attesting witness unless he has seen the executant sign or has received an acknowledgment from the executant that the signature is his.

(d) The stamp duty on the mortgage deed will be 3/4% *ad valorem* on the amount of the advance. Recently different provincial governments have introduced different stamp duty, so the manager must acquaint himself with that.

(e) Proper registration of mortgages is of the greatest importance. All instruments of mortgage must be registered with the Registrar of Assurances within four months of the date of execution and before any advance is made upon the security of the mortgage.

Equitable Mortgages :

Under Sec. 58 (F) of the Transfer of properties Act. 1882, Equitable mortgage by deposit of Title Deeds are valid only if effected in Bombay, Calcutta, Madras, Karachi, British Cochin, Coimbatore, Madura, Coconada and Ahmedabad (Rangoon, Moulmein, Bassein, Akyab).

Equitable mortgages made in a Presidency town are valid notwithstanding that the property affected is situated

in the moffusil. The deposit of the deeds must be actually made in the Presidency town.

When an advance is made against Equitable Mortgage of Title Deeds, a memorandum relating to the deposit of Title Deeds by way of security should be drawn up, stamped at the rate of Rs. 13/8/- per Rs. 100,000 (stamp duty is the same as of pledge) and the document should be registered,

Where in exceptional cases, the memorandum of mortgage and the consequent registration are dispensed with, a memorandum signed by the party in terms of the following should be taken :

List of title Deeds deposited at.....by way of mortgage with the

Bank Ltd. in respect of the Loan/Cash
Credit of Rs. obtained by me today.

(1) }
(2) }
(3) } set out the schedule of title deeds here
(4) }
etc.

.....
(signature)

Note : No additional term, condition or language should be used. The other form as per Appendix may also be used.

Illustrations of validity of mortgage by deposit of title deeds.

Property situated in Suri, Title Deeds deposited in Calcutta. Advance made in Calcutta Valid.

Property situated in Calcutta, Title Deeds deposited at Calcutta, Advance made at Calcutta ... Valid

Property situated in Calcutta, Title Deeds deposited at Burdwan, Advance made at Burdwan Valid

Property situated in Calcutta, Title Deeds deposited in Calcutta, Advance made at Burdwan ... Invalid

Property situated anywhere in the Presidency of Bengal, Title Deeds deposited in Calcutta, Advance made in Calcutta Valid

Property situated anywhere in the Presidency of Bengal, Title Deeds deposited in Calcutta Advance made at Suri ... Valid

5. LEGAL ADVICE REGARDING MORTGAGES :

Branch Agents should employ the best legal assistance available and the title to property investigated and a mortgage prepared in the form in which mortgage is generally prepared in their districts.

The power of sale which is included in an English mortgage is not valid in the mofussil where a sale of mortgaged property can only be made through intervention of Court.

6. KINDS OF PROPERTY :

Property of all kinds (the word 'property' not being restricted to lands and buildings) can be classified under three heads :

(i) GOODS, (in which term is included movable property of all kinds and securities)

(ii) ACTIONABLE CLAIMS : (Such as Book Debts. Fixed Deposits, Decrees, Life Assurance Policies, etc.)

(iii) IMMOVABLE PROPERTY :

The first class can be dealt with by way of pledge.

NOTE : There is a distinction between pledge and hypothecation. Both relate to movable property but in the case of pledge, possession is with the Bank, whereas in the case of hypothecation possession is with the pledgor.

The second class can be dealt with by way of assignment.

The third class can be dealt with only by way of mortgage.

ADVANCES TO LIMITED COMPANIES

Scrutiny of Memorandum and Articles :—

Advances to Limited Companies are in a class by themselves and should be in strict conformity with the powers contained in the Memorandum of Association, the procedure laid down for each Company in the Articles of Association, and with the requirements of the Indian Companies Act.

Agents receiving applications for advances from Limited Companies (both public and private) should carefully scrutinise the Memorandum and Articles of Association and see that the regulations laid down are carefully observed. In particular, the powers of the Managing Agents and the Directors of a Company to raise money, and the limits (if any) of the amounts they could borrow should be scrutinised and it is a sound rule to insist in all cases on a resolution of the Board (Where the Board is competent to raise loans without reference to the General Meeting).

Registration of Mortgage and Charges :—

Whenever a limited company issues a mortgage or charge in favour of the Bank or debentures are issued to the Bank, the Branch Agent must see that the provisions of sections 109 to 117 of the Companies Act are duly complied with.

Section 109, of Indian Companies Act runs as follows :—

Every mortgage or charge created after the commencement of this Act by a Company and being either.

(a) A mortgage or charge for the purpose of securing any issue of debentures ; or

(b) a mortgage or charge on uncalled share capital of the Company ; or

(c) a mortgage or charge on any immovable property wherever situate or any interest therein ; or

(d) a mortgage or charge on any book debts of the Company ; or

(e) a mortgage or charge, not being a pledge on any movable property of the Company except stock-in trade ; or

(f) a floating charge on the undertaking or property of the Company ;

shall so far as any security on the Company's property or undertaking is thereby conferred, be void against the liquidator and any creditor of the Company, unless the prescribed particulars of the mortgage or charge together with the instrument (if any) by which the mortgage or charge is created or evidenced, or a copy thereof verified in the prescribed manner are filed with the Registrar for registration in the manner required by this Act within twenty-one days after the date of its creation, but without prejudice to any contract or obligation for repayment of the money thereby secured, and when a mortgage or charge becomes void under this section, the money secured thereby shall immediately become payable.....

Particulars to be filed with the Registrar under Section 109 :—

(1) Date of the Instrument creating or evidencing the mortgage or charge and description thereof.

(2) Amount secured by the mortgage or charge.

(3) Short particulars of the property mortgaged.

(4) Names (with addresses and descriptions) of the mortgagees or persons entitled to the charge.

(5) Amount or rate per cent of the commission, allowance or discount (if any) paid or made either directly or indirectly by the Company, to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions whether absolute or conditional, for any of the debentures included in the Return.

(6) Gist of the terms or conditions or extent of operation relating to any mortgage or charge and charges thereof.

Satisfaction of charge or Mortgage :—

It is also incumbent on the Company under Sec. 121 of I. C. Act, to register within twenty-one days from the happening thereof the payment or satisfaction of any charge or mortgage.

Equitable Mortgages by Limited Companies :—

A deposit of title deeds by way of equitable mortgage even without an Instrument evidencing the charge falls under the head "c" of Section 109 of the Indian Companies Act, 1913, and requires registration with the Registrar.

Pledge of shares, Delivery Orders etc :

A deposit of shares with transfer deeds or delivery orders duly endorsed does not fall under any of the clauses specified in Section 109 of the Act and does not require registration.

It is laid down that the method of registration is the filing with the Registrar of Companies, within 21 days of the execution of the charge, of the prescribed particulars and the production to the Registrar of the Instrument of Mortgage or Charge, if any.

Under Section 112 of the Act, the Registrar is required to keep a register of all mortgages and charges created by the Companies and requiring registration under Section 109. He must enter therein short particulars of :

- (a) the date of the creation of the charge.
- (b) the amount secured by it.
- (c) the property mortgaged or charged.
- (d) the name of the mortgagees or persons entitled to the charge.

After making such entries, the Registrar is required to return the Instrument of Charge, if any, to the person who filed the particulars.

The Schedule to The Indian Companies Rules prescribes the form of the particulars of mortgage or charge to be filed with the Registrar. The first column of this form is headed 'Date of Instrument creating or evidencing the mortgage and description thereof.' If there is no written instrument the column should be filled up giving the date of the creation of the mortgage

or charge and stating the nature of the transaction and that there is no written instrument relating to it. (The form is given in the Appendix.)

Agents should give their careful attention to the above instructions when dealing with advances to Joint Stock Companies against equitable mortgages.

Registration of charge after 21 days of execution of document :—

It sometimes happens that the Registrar of Companies effects registration of charges without comment even if the document is presented after the expiry of 21 days from the day of creation of the charge. It seems however that it is not competent for the Registrar to do so without an Order of Court under section 120 of the Indian Companies Act and that the Bank will not be safe in relying upon the Registrar's certificate in curing the defect in registration. Should such cases occur, the bank should insist on an order of court and should re-register the charge with the Registrar.

Miscellaneous

1. Insufficient Security for advances :—

When any firm or individual is indebted to the bank and their security is insufficient, Agents or Branches should communicate with Head Office to ascertain whether the parties hold any shares in the Bank in the names of partners of the firm or in the name of the individual concerned. This would enable a stop to be placed on the transfer of the shares.

Undesirable Advances :—

The following are some examples of undesirable advances :

(1) A loan to a public Passenger Transport Company against the security of its buses.

(2) A loan to a firm of carriers against its fleet of motor lorries even if the firm is entrusted with certain Govt. contracts.

Advances against motor vehicles are not desirable at any time as even if the cars remain in the godown they soon get out of date. In the case of transport contractors fines and deductions for breach of contracts are of common occurrence and it needs little emphasis to suggest that such business is undesirable.

(3) Advances against oil in storage nearly always give trouble as evaporation and leakage have to be contended with. Even a large margin does not obviate trouble.

(4) Advances against stock of coal and against railway sleepers are undesirable.

(5) Advances against stocks of hides and skins in the hands of local dealers should be avoided. The Bank may quote for and buy bills covering shipment of hides and skins under approved Bank Credits and advances may also be made sparingly against hides and skins in course of shipment provided they are covered by Bank Credits and the shipment is done by the Bank's own clearing Agents.

Renewal and Re-confirmation of Limits :—

Banks should prepare a complete list of limits relating to all advances and bills discounted and purchased as on

the 31st July and 31st January every year in order that these may be revised and reconfirmed. Fresh reports should be furnished on all the parties together with any other information which will be of use to Head-Office when scrutinising the limits. Agent's recommendations should be sent in each case.

The object of this is to ensure that all advances come under scrutiny once in six months.

Bills Discounted and Purchased.

Instructions regarding Advances to apply to Bills :—

Discount and purchase of bills are in the nature of advances and all instructions contained herein regarding advances apply with appropriate modifications to Bills Discounted and Purchased.

Forms to be signed by Bill Parties :—

Customers tendering bills for collection or purchase or discount or handing in cheques for collection or discount or handing in cheques for collection or purchase, drawn on a bank situated in a place where there are no other banks and which must therefore be presented to the drawee bank direct for payment, should be asked to sign the additional form mentioned in the Appendix. This requirement should in no circumstances be waived.

Customers tendering documentary bills for negotiation should sign the General Letter of Hypothecation Form (see Appendix)

Purchase of Cheques :—

When clean cheques are purchased, Agents should satisfy themselves that they are drawn against actual

funds in the drawee bank. Should it come to their knowledge that cheques are negotiated without funds and that T. T.'s are sent through other banks a day or two later to provide cover for the cheques, the purchase of such cheques should be discontinued.

Bills purchase :—

Agents of Branches should avoid purchasing Bills of Exchange accompanied by Bills of Lading bearing the clause "freight payable abroad". If such bills are dishonoured at destination and the Bank has to realise its security, it is possible that the sale proceeds of the goods might leave only a small margin after payment of freight.

Reversal of entries :—

Entries relating to Bills Purchased should not be reversed out of the Bill Purchased Account until actual advice of payment is received from the branch or correspondent to whom they have been sent for collection.

Payments on purchase of bills :—

The proceeds of bills purchased should invariably be credited to a Current Account in the name of the party negotiating the bills. Bills should not be purchased against payment in cash. Cases have occurred of banks losing money thorough proceeds of bills being paid in cash to dismissed employees of firms.

Local Bill Discounted :—

Notices should invariably be sent to the drawees of bills on the day bills are discounted and this rule should not be circumvented merely by handing into endorser's notices addressed to drawees.

Full address and occupation of the drawer should invariably be marked on the face of the bill.

(For other details regarding Bills, please see "Bills of Exchange" chapter).

RETURNS

The following periodical Returns should generally be submitted by branches to the Head Office :—

1. *Daily return .*

A statement of cash in hand and with banks as at the close of business every day.

2. *Weekly returns :*

(a) A copy of the General Ledger Balances as on Friday (in the form of a trial balance).

(b) Reserve Bank Statement as on Friday, in duplicate, the original to be posted on Saturday and the duplicate on Sunday. This does not apply to branches situated outside India or to non-scheduled banks.

(c) A statement of cash on hand and with banks must be incorporated in this Return.

(d) A schedule of loans against jewellery duly certified by the Agent and accountant.

(e) A statement of Bills Purchased, which should include bills purchased on Head Office also.

(f) Usual statement of the transactions with the head office during the week (for verification of transactions.)

Statements of accounts of other branches also should be sent weekly to the branches concerned.

(g) A weekly letter based on the Agent's daily diary.

3. *Fortnightly returns* :—(as on the 15th and the last day of the month)

(a) Profit and Loss General Charges Account.

(b) A statement of shipping and other guarantees, indemnity, trust receipt facilities and other commitments entered into during the fortnight.

(c) A statement of overdue clean loans and other irregular advances.

(d) Branches will continue to report daily to Head Office any purchases and sales of foreign currencies effected for the purpose of submitting returns to the Reserve Bank under the Exchange Control regulations.

(e) Agent's certificate of cash on hand.

4. *Monthly returns* :

(1) General Ledger Balances as on the last day of the month. (Trial balance).

(2) Balance as on the last day of the month of each account in the Profit & Loss Analysis Ledger.

(3) A full and detailed statement of all loans.

(4) A full and detailed statement of all overdrafts.

(5) A full and detailed statement of Bills Discounted and purchased.

(6) All other classes of advances including full details of overdue bills both inwards and outwards.

(7) Irregular Bills Purchased.

(8) Godown Inspection Reports

(9) A statement of Sundry Creditors and Sundry Debtors accounts in the General Ledger.

(10) A statement of all nominal accounts both credit and debit, appearing in the Current Account Ledger.

(11) An analysis of advances under the following heads :—

CLEAN :—Single

Joint and Several

Government Securities

Other Stock Exchange Securities

Gold

Commodities

Title Deeds

Other Securities

(12) Statement of salaries and contribution to Provident Fund etc.

(13) A statement of average rates of interest per cent. on deposits and advances and showing the average margin of net interest earned on funds.

(For the purpose of this statement, the exchange earned on bills purchased should be given in terms of rate per cent. of interest, having regard to the net amount of exchange earned per month and the average amount of bills balance).

(14) Copies of Reconciliation statement of "Our" Accounts with Head Office and Branches.

(15) Statement of Bills payable outstanding.

(16) Detailed statement of all contra accounts.

Quarterly Returns :—

(a) Branches shall submit on 31st March, 31st May, 30th September and 30th November a pro forma Profit

& Loss Account showing the net profit of the Branch for three and five months in each half-year. These returns should be prepared with very great care so that Head Office might have a correct appreciation of the rate of earning of profits and form an accurate estimate, before the half-yearly closing, of what the profits are likely to be. These returns should be submitted not later than three days after the expiry of the period to which they relate.

(b) A statement of lock up advances together with a covering report giving the progress made during the quarter in the collection of outstanding.

Statements of lock up advances as on 30th June and 31st December should not be mixed up with the half yearly returns but should be prepared and forwarded immediately after the more urgent half yearly returns but should be prepared and forwarded immediately after the more urgent half yearly returns are completed and it would be enough if these returns reach Head Office not later than the 31st January.

Half-yearly Returns :—

- (a) Balance sheet.
- (b) Profit & Loss Account made up in the form required for publication.
- (c) Profit & Loss Account giving details of every item.
- (d) A statement of inter-office interest paid to and received from Head Office and Branches to be sent to Head Office not later than the 2nd January and 2nd

July. This is most important as such interest payments and receipts have to be eliminated from the published Profit and Loss Account.

(e) General Ledger Balances before closing.

(f) General Ledger Balances after closing.

(g) Classification of Advances.

(h) Adjustment Entries.

(i) Schedules giving details of every account appearing in the General Ledger.

(j) Where local auditors have been appointed, an advance copy of the statements should be sent as soon as possible after the closing date and the complete set of returns should be forwarded after audit, along with the Auditor's Report.

(k) A report of the value of stationeries actually consumed and the value of stationery in hand.

Standard Size of Forms :—

All Returns, whether printed or typed, should be rendered on sheets of uniform size.

Full Explanations to be given :

Officers who check Branch Returns at Head Office are, in nearly every instance, generally put to great deal of trouble, which could be avoided if Agents of Branches would, for a short time prior to signing the Returns, place themselves in the same position as the checking officer at Head Office and anticipate the points which will occur to him in the examination of the Returns and give full explanations wherever necessary.

Half-Yearly Letter :

Agents of Branches shall send soon after the closing of accounts every half-year a full report on the working

of their branches during the half-year, under the following heads of paragraphs :

(a) Profit and Loss Account.

The Agent will report the state of the Profit and Loss Account, comparing the same with the previous balance period. This paragraph should also include a short statement showing where the main profits have been earned.

(b) Deposits.

This should cover the growth of deposits of the Bank under the following sub-headings :

(i) Current Accounts : Balances should be contrasted. Details of the total number of new accounts opened, accounts closed and accounts running together with a report on any account carrying specially heavy balances or otherwise subject to special terms as regards interest etc.

(ii) Savings Bank Deposits.

Same as Current Accounts.

(iii) Fixed and short Deposits.

A short resume showing the totals of Deposits for three month or under ; three to six months ; one year ; and over one year.

(c) Loans from or debit balances in Current Account with H. O.

A short report should be given of the amount received from the Head Office and the manner in which they were utilised, and the balance under this head for the half-year.

(d) Loans to or credit balances in Current Account with H. O.

This paragraph will contain particulars of monies placed at the disposal of Head Office by branches, the average of such balances during the half-year and the percentage of such balances to the total resources of the branch.

(e) Investment Account.

Figures for the different balance periods should be shown and also a short paragraph stating what it consists of and at what average rates the securities stand in our books.

(f) Current Account Overdrafts.

A review of overdrafts ; comments on any big accounts and the general nature of collateral held as security should be given.

(g) Loans.

Totals of Demand Loans, Fixed Loans, Loans against gold, Loans against merchandise etc., should be contrasted with the previous half-year's figures and a short paragraph written stating what these advances principally consist of the rates of interest, whether they are all secured and, if not, the percentage of secured advances to total advances.

(h) Local Bills Discounted and Inland Bills Purchased.

Balances at the end and during the half-year should be given, also rates of interest or exchange earned ; how they compare with the previous half-year's business, also whether the balance at the end of the half-year represents the highest total during the period under review and, if not, what was the highest total.

(i) Bad and Doubtful Debts.

This paragraph will cover any bad and doubtful debts incurred during the half year and also any collections on account of old outstandings.

(j) Charges Accounts

This paragraph will cover the totals of General Charges under the various heads together with comments on increases and decreases under the more important headings.

(k) Comparative statistics should be added as an appendix to the report. Figures contrasted with last three half-years on such items as Current Accounts, Fixed Deposits, Short Deposits, Savings Bank Accounts, T T's and Drafts issued, T. T.'s and Drafts paid, Bills purchased, Charges Account items etc. should also be reported.

Major Offices situated in towns like Bombay, Rangoon, Calcutta, Karachi, Madras, Delhi, Cawnpore, Lahore, and Singapore should include short paragraphs on such of the trades as concern them.

(l) Staff :—

State how they have worked. Private and Confidential reports on the staff may be sent drawing attention to the work of any individual who shows promise of capacity to undertake more responsible work.

(m) General.

Any other matter of general interest.

It is left to the discretion of Agents to include other sub-headings which might be appropriate to the review of the business of their branches.

CORRESPONDENCE

LETTERS RECEIVED

Letters when received will be opened by the Accountant. He will have in his possession a Collection Book for each department in the office. Letters containing enclosures of any value such as cheques, currency notes or securities will have their enclosures noted in the Collection Book of the department to which they refer and will then be handed to the clerk who keeps the Register of Letters Received. He will register the letters and forward the Collection Book, the letter with enclosures and the Register of Letters received to the Officer incharge of the Department concerned, who will initial.

(a) The Register for the letter.

(b) The Collection Book for the enclosure.

In the case of letters having no enclosure, the Accountant will mark on them the name of the department to which they relate and hand them over to the clerk who keeps the Register of Letters Received. The clerk in charge of the Register of letters Received must be seated next to the Accountant. This Register will contain particular of (1) Date of Receipt (2) Number (3) From whom received (4) Place (5) Date of communication (6) Contents (7) Amount (8) Department and (9) Date of Filing. After the letters have been duly registered, they must be sent without delay to the department concerned and the

initials of the Departmental Officer taken in the Register. Letters marked for attention of the General Manager shall be handed over to his Personal Assistant who will sign for the same in the Letters Received Register. The registration clerk must examine daily the column in which is recorded the dates on which the letters pass into the file. If any letter is found to be out the officer who initialled for it must be referred to. Officers in charge of departments must initial all letters dealt with, marking them "replied" or "no reply" and add the date. The filing clerk must on no account file any letters which are not so marked. All letters dealt with in the course of the day together with carbon copies of the replies should be placed before the Agent the next morning, who must examine all such letters to see that they have been attended to properly by the departments for which they are marked and send them back to the filing department.

Numbering of Letters

Letter should be uniformly numbered. It is desirable that each branch should use its initials along with the serial numbers.

Routine letters and advices to Head Office and Branches shall have the appropriate initials marked in the reference column. In numbering letters, the number indicating the life of the branch should be placed first over a stroke, followed by the serial number of the letter. Correspondence with Head Office may be under the following references :

HO Series. All routine letters and advices intended for the attention of the various departments of the office.

BID Series. Letters for the attention of Branches Inspection Department at Head Office and replies to queries from the Branches Inspection Department.

GM Series... All proposals for advances and all letters of importance requiring the personal attention of the General Manager shall be listed under this series.

GM/PC Series All important private and confidential letters for the attention of the General Manager.

HO/PC Series Ordinary Private and Confidential letters like enquiries about parties or replies to Head Office enquiries or any other Private and Confidential matter for the attention of the office should be listed under this series.

Staff... Under this series will be listed all letters relating to Staff, transfer, leave etc.

Correspondence with the public may be sent out under the following references :—

GL... For general letters.

Bills, Securities, etc... For Correspondence emanating from those departments.

Head Office correspondence with branches will be under the following heads : Branches Initials, BID, GM, GM/PC, GM Circulars, HO Circulars, etc.

Numbering of Deposit Receipts, Drafts, Letters, Advices, etc :—

Serial numbers from 1 to 1000 are generally used by all reputed banks and when the thousand mark is reached, officers should commence over again with No. 1. On the first of January every year, the number indicating the life of the Branch will be changed to the next number with the first draft, letter etc., issued in the new year. The serial number, however, will continue unchanged till the one thousand mark is reached.

The same principle applies to the numbering of all letters of the other series and of drafts, deposit receipts, etc.,

By adopting this system, there is no disclosure to the public of the volume of business of the Bank such as the number of deposit receipts issued in any one year and further there is no possibility of an important letter or schedule going astray and not being detected over the closing date of the year.

Subject Heads in Letters

Branch Agents, in replying to or acknowledging letters from Head Office and Branches, shall on all occasions head their letter up with the subject matter of the letter under reply and also give some reference to the business so that the receiving officer shall not have to go through a number of files to ascertain the particular subject about which the letters are written. The object of this is easy identification of the subject matter of any letter without going into previous correspondence. This suggestion applies to correspondence between branches or from and office to branches.

Telegrams :

Utmost economy must be exercised in the incurring of cable charges and wherever possible telegram charges should be recovered from constituents. Codes must be used as often as possible.

Telegrams dealing with several subjects including orders to receive and pay money should invariably have the instructions to receive or pay at the beginning of the telegram.

MISCELLANEOUS

Furniture and Fittings :—

Furniture and Fittings should be repaired and re-polished or re-varnished as the case may be once in two years and the charges incurred in this connection should be debited to the General Charges Account.

Head Office sanction must be obtained for additions to furniture and fittings in excess for Rs. 100 (or any other amount fixed by the head office).

Depreciation on Furniture and Fittings :—

Depreciation shall be allowed on Furniture and Fittings at the following rates and shall be calculated on the original value (not the written down value).

Furniture and Fittings (both metal and wooden)

10% per annum *i. e.* 5% on the original value
every half-year

Typewriter	20% per annum <i>i. e.</i>	10% every half-year
Cycles	30% " <i>i. e.</i>	15% "
Electrical- Machinery	20% " <i>i. e.</i>	10% "
Motor cars (if any)	20% " <i>i. e.</i>	10% "

The cost of strong rooms constructed in leased buildings shall be written off during the period of the lease. For the purpose of this rule, the period of the lease shall be taken as the period of the Agreement together with any further period for which Bank has the option of renewing the lease.

Strong Room doors shall, however, be written off as metal furniture.

Construction of Strong Rooms :—In these uncertain times, the need for taking proper and suitable precautions need not be emphasised.

(1) Proper steps may be taken for the construction of a strong room according to followings specifications :—

Walls & roofs :—Construction should be of *reinforced concrete* with iron supporters (bars nets) inside.

Thickness :— 4" minimum,

Space :— It should comfortably accommodate 2/3 medium sized iron safes.

The room should not have any other openings except the entrance door.

(2) The main doors of the strong room should be of steel secured by iron crossbars, which should have separate, but strong and durable locking arrangements. Particular care is to be taken to see that the haspbolts screwing such doors are of reliable type. Further, a set of well built wooden doors are also to be fixed up just behind the iron grille gate, with locking arrangements. The keys of the grille gate will remain under joint control of the Manager and the Cashier.

(3) The Branch cash balances should not be mixed up with other securities and kept inside the same safe; generally cash in safe insurance cover applies for cash contents only and as such, care should be taken to see that one reliable safe with double locking arrangement is set apart for containing cash balances only. The keys in this case also should remain under the joint control of the Cashier and Accountant and/or Manager.

(4) All other securities, documents and valuables should invariably be lodged in another safe placed in the strong room ; particular care should be taken to see that these Bank properties are never left outside the safe intended for the purpose.

(5) Branches should make it a point to see that reliable safes with double locking arrangements (preferably of Godrej quality) are used for keeping of cash and of securities.

Uniform for menial staff :—

Every member of the menial staff are generally supplied with three coats, three pair of trousers and three turbans. Khaki cloths may be used for uniforms for outdoor stuff and white drill for indoor stuff. They will in addition, be supplied with a badge and a belt. The uniform shall be worn only when on duty. Care should be taken to see that the expenditure for uniforms is cut down to as low a figure as is compatible with keeping the stuff in a clean and smart condition.

Winter uniforms, where it is necessary to supply them, should be supplied once in two years and shall consist of a dark blue coat and trousers.

Profit & Loss Account :—

The profit & Loss figure for every half year should be rounded off to the nearest rupee by appropriate adjustment through depreciation, stationery or other accounts.

Reports and Opinions :—

Reports and opinions on customers and other parties should be drawn up in a standard form and filed in alphabetical order in loose leaf books. These reports should

be constantly revised and any fresh information coming to the knowledge of the office should be entered forth with under the proper date. All reports on small parties should be revised once in six months and others once a year. Duplicate copies of reports maintained in the branches should be sent to Head office so that in the event of any reference becoming necessary the information Will be readily available.

Replies to other Bankers' References :

Reports and opinions may be passed on in confidence only in response to request from Banks.

The following code words may be used when reporting on the worth of parties :

worth			
Rs.	1000	to	5000
			Very small
Rs.	5000	to	10000
			Small
Rs.	10000	to	25000
			Small to moderate
Rs.	25000	to	50000
			Moderate
Rs.	50000	to	100000
			Moderate to Fair
Rs.	100000	to	250000
			Fair
Rs.	250000	to	750000
			Good
Rs.	750000	Over	Large

In repling to Head Office or Branches the ratings should be given in figures and not in code.

Blank spaces in Standard Forms :—

All blank spaces in the standard forms of the Bank must be correctly filled in at the times of execution of documents and where there are alternatives provided in the form, the portion which does not apply must be scored over the signature of the person executing the document.

Institution of Law Suits :—

No suits shall be filed by the Bank either on its own behalf or of constituents without the previous sanction of Head office. In case of urgency telegraphic or telephonic application may be made for sanction. Where suits are filed against the Bank by any body, the Branch Agents shall take immediate steps to defend them and keep the Head Office informed of the details. Any subjects under correspondence with parties likely to involve the Bank in a law suit should be forthwith referred to Head office, which is generally equipped with staff with special legal and technical knowledge.

Letters of Guarantee :—

It is permissible for Agents of Branches to execute letters of Guarantee to shipping companies for the release of goods without the production of the relative Bills of Lading, against deposit in cash for the amount of the guarantee. Steps should be taken to see that the Bills of Lading are forthcoming within a reasonably short time and that the Bank's guarantee is returned against delivery to the shipping company of the Bills of Lading. In the case of first-class parties the Agents in their discretion might sign guarantees for small amounts without the deposit of cash margin. But in such cases the guarantees should be released at the earliest possible moment, not later than a fortnight from the date of execution of the guarantee.

Dividend Warrants :—

Dividend Warrants issued by the Bank shall be crossed and mark "Not negotiable."

Sales and Purchases of Securities on Customer's account :—

The Banks generally undertake sales and purchases of securities on behalf of the customers. When orders for sale are received written instructions should be taken, the relative securities should be delivered to the Bank and the order for sale should be placed either with the Head Office or direct with approved brokers after verifying that the securities are in order.

When written orders for purchase of securities are recieved a marging of 20% of the purchase price is usually taken except in the case of customers of good standing. All order for purchase and sale of securities should be entered in a Register kept for the purpose.

A commission of $\frac{1}{4}\%$ of the prevailing rate of the market is charge from the customers on all purchases and sales of securities.

The above instructions apply in regard to purchase and sale of gold bullion and coin and silver bullion.

Bank Pay-Orders

Payments of various kinds are made by banks by means of pay-orders.

Usually, the payments for stationery, furnitur etc. Purchased by a bank are made by Pay-orders. When the proceeds of a bill are realised or a security is purchased through a broker or payments are made on behalf of the customers, the payments are also made by pay-orders. There are two kinds of pay-orders which are generally used by banks.

On the reverse of one type of pay-order the following instructions are given :

"Payee's endorsement on this payment order requires confirmation by a bank."

The other form of pay-order is in receipt form, and therefore, it requires a one-anna revenue stamp whenever the amount payable exceeds a sum of Rs. 20/-. Transfer by endorsements of such instruments is not allowed as they are not negotiable. It has, however, become a custom to collect such pay-orders through a bank. The paying bank usually does not object to this as a matter of courtesy though it can refuse to make such payment to the collecting bank. But in no case are such pay-orders allowed to be transferred to a third party by endorsement.

Each Pay-order must bear a distinctive number.

Addendum to "Drafts" chapter.

THE NEGOTIABLE INSTRUMENTS ACT, 1881
HAS BEEN AMENDED AS FOLLOWS
ON 3rd. FEBRUARY, 1947.

WHEREAS it is expedient further to amend the Negotiable Instruments Act, 1881, for the purpose hereinafter appearing ;

It is hereby enacted as follows :—

1. This Act may be called the Negotiable Instruments (Amendment) Act, 1947.

2. To Chapter XIV of the Negotiable Instruments Act, 1881, the following section shall be added, namely :—

"131A. The provisions of this Chapter shall apply to any draft, as defined in section 85A, as if the draft were a cheque."

STATEMENT OF OBJECTS AND REASONS

The Bombay High Court have held that the protection afforded to bankers under section 131 of the Negotiable Instruments Act, absolving them from liability in respect of payments received in good faith for cheques crossed in their favour, is not available to them in respect of bank drafts. This Bill is designed (i) to remove this anomaly by placing bank drafts in this respect on the same footing as cheques and (ii) to regularise the growing practice of crossing bank drafts by making the provisions in the law relating to the crossing of cheques applicable to such drafts.

APPENDIX

SCHEDULE OF DOCUMENTS TO BE TAKEN FOR DIFFERENT TYPES OF ADVANCES

A. Advances Clean.	DOCUMENTS TO BE TAKEN	REMARKS.
(1) To a single Individual	Demand Promissory Note.	
(2) Joint and Several or to a Partnership Firm.	1. Demand Promissory Note.	
	2. Partnership Letter signed by all partners. If partner- ship is registered, a copy of registration Certificate should be obtained or number noted.	
	3. If the advance is guaranteed by another person a Letter of Guarantee should be taken. In case of the guarantors being partner- ship Firm the Letter of Guarantee should be signed by the partners individually.	

A. Advances Clean.	DOCUMENTS TO BE TAKEN.	REMARKS.
(3) Joint and Several, to a Joint Stock Company and its Agents (in their personal capacity as well as in the capacity of Agents.)	<ol style="list-style-type: none"> <li data-bbox="194 648 408 1053">1. Demand Promissory Note signed by Managing Agents both on behalf of the Company and for themselves in their individual capacity; preferably all partners should sign. <li data-bbox="449 648 708 1053">2. Copy of the Resolution of the Directors signed by the Chairman authorising Loan or overdraft or Cash Credit. In case of Overdraft or Cash Credit besides the Demand Promissory Note a Letter of Continuity should be taken. <li data-bbox="750 648 897 1053">3. Letter of Authority (under proper signature) if required, may be taken as to whom the moneys advanced are to be paid. 	

A. Advance. Clean.	DOCUMENTS TO BE TAKEN	REMARKS.
	<p>4. Partnership Letter signed by all the partners of the Managing Agency Firm or the Karta Firm may be taken in case of Firms and joint Hindu Family Firms.</p>	
	<p>5. If the advance is guaranteed by another person a letter of Guarantee should be taken. In case of the guarantors being Partnership Firm the Letter of Guarantee should be signed by all the partners individually.</p>	
	<p>6. A copy of the Articles to verify that the Company has borrowing powers.</p>	

A. Advances Clean.	DOCUMENTS TO BE TAKEN	REMARKS
(4) Private Institution (viz. Clubs, Associations, Educational Bodies, etc.)	1. Demand Promissory Note.	
	2. Copy of the Resolution of the Board of management signed by the Chairman authorising Loan or Overdraft or Cash Credit.	
	3. A copy of their constitution or bye-laws to verify whether they authorise them to borrow.	
B. Advances against Government Securities.	1. Demand Promissory Note.	It must be seen that the securities are in the Borrower's name.
	2. Letter of Lien.	
	3. Letter of continuity in case of the Overdraft Accounts.	Government papers should be endorsed in the Bank's name. It must be seen whether all the previous endorsements are in order.

DOCUMENTS TO BE TAKEN

REMARKS.

C. Advances against Shares and Debentures.

1. Demand Promissory Note.
 - (a) Transfer Deeds in blank signed by the Borrowers as sellers should be taken and they should not be dated.
2. Letter of Lien.
3. Letter of Continuity in case of Overdraft Accounts.
 - (b) The shares should stand in the names of the Borrowers, otherwise Third party letters should be held.
 - (c) The signature on the Transfer Deeds must be witnessed.
 - (d) The Borrower must be a party either known to the Bank or having an account with the Bank or must be identified.

DOCUMENTS TO BE TAKEN

REMARKS.

It is generally not advisable to advance against shares not fully paid up or against another Bank's shares as that Bank has first lien on its shares if the parties have any dealings with the said Bank.

Advances against the Bank's own shares should not be made without the prior sanction of the Head Office.

D. Advances against its own Fixed Deposits and Cash Certificates of the Bank.

1. Demand Promissory Note.

The Fixed Deposit receipts or the Cash Certificates should be lodged with the Bank duly discharged by the Borrower. If issued in joint names all the beneficiaries should discharge the Receipts. Bank's lien should be marked both on the Receipts and in the relative Registers under Officer's signature.

2. Letter of Declaration where necessary.

3. Letter of Continuity in case of Overdraft Accounts.

DOCUMENTS TO BE TAKEN	REMARKS.
E. Advances against Life Insurances Policies.	
1. Demand Promissory Note.	The Notice of transfer or assignment should be given to the Insurance Company immediately in order to avoid the subsequent transferee obtaining preference.
2. Letter of Continuity in case of Overdraft Accounts.	
3. Assignment should be endorsed on the Policy and sent for registration to the Insurance Company.	Not advisable to advance on Life Insurance Policies effected before the coming into force of the new Insurance Act.
4. Letter of Declaration should be taken that the Policy is valid and free from encumbrance and that the Borrower would undertake to pay all future premiums regularly.	Sanction of the Head Office should be obtained before making advances against Life Insurance Policies unless otherwise authorised. Actual Policy to be held by the Bank.

DOCUMENTS TO BE TAKEN	REMARKS.
<p>5. If the assignment is not endorsed on the Policy, then a separate Deed of Assignment should be taken on a stamped paper bearing Stamp Duty according to the amount of the Policy.</p>	<p>The Borrowers should be asked to send their Premium Receipts immediately after payment for your inspection and record. May be returned if required.</p>
<p>F. Advances against Commodities.</p> <p>1. Demand Promissory Note.</p> <p>2. Letter of Pledge or Letter of Hypothecation as the case may be.</p> <p>If it is by way of Cash Credit or Overdraft, Letter of Continuity should be taken.</p>	<p>In case of advances to Limited Companies the charge should be registered with the Registrar of Joint Stock Companies within 21 day from the execution thereof.</p> <p>Proper Fire Insurance Policy to be held. These should be preferably held in the joint names of Borrower as Mortgagor and Bank as Mortgagee; Mortgage or Banker's Clause must be attached.</p>

DOCUMENTS TO BE TAKEN	REMARKS.
G. Advances against Gold Ornaments.	
1 Demand Promissory Note.	Advances to Shroffs or dealers in ornaments against repledged articles (Muccadam) must be avoided except when specially allowed by Head Office.
2. Letter of Pledge.	
3. Declaration Letter declaring that the gold is pure and genuine.	
4. Testing Shroff's Certificate.	
5. Letter of Declaration that the ornaments belong to him or her only.	
6. Letter of Continuity in case of Overdraft Accounts.	

DOCUMENTS TO BE TAKEN	REMARKS.
H. Advances against Bullion.	
1. Demand Promissory Note.	Proper record should be kept of Mint numbers and weight of Bars in Security Register.
2. Letter of Pledge.	
3. Mint Certificate.	
4. Letter of Declaration.	
5. Letter of Continuity in case of Overdraft Accounts.	
I. Advances against Immovable Property	
(a) By way of Equitable Mortgage by deposit of Title Deeds.	
1. Demand Promissory Note.	Fresh Promissory Note should be taken at least once in every three years when Loan and Overdrafts are renewed. At the time the fresh Promissory Note is taken, the old one cancelled, Letter of Renewal should be taken and the balance on account should be got confirmed.
2. Application for Loan Letter.	

DOCUMENTS TO BE TAKEN	REMARKS.
<p>(b) Legal Mortgage.</p> <p>(c) Equitable Mortgage by Registered Memorandum of deposit.</p>	<p>In case of Limited Companies the charge should be registered within 21 days with the Registrar of Joint Stock Companies.</p>
<p>3. Letter of Declaration that the property belongs to him and is free from encumbrance or adverse claims and is not the subject matter of any litigation, execution proceedings, or attachment.</p>	<p>Letter of Application should be obtained at the time the proposal is sent to Head Office and should precede the letter of Declaration which should be taken about 4 days prior to the date of actual advance.</p>
<p>4. Letter of Continuity in case of Overdraft Accounts.</p> <p>(An entry may be made in the Memorandum of Deposit Register noting the fact of the Deposit of Title Deeds of the property.)</p>	<p>Encumbrance Certificate. Valuation Report, Legal Report on Title should all be obtained as required and entered in the Security Register in proper sequence of date.</p>

DOCUMENTS TO BE TAKEN

REMARKS.

In case of the Legal Mortgage and Equitable Mortgage by Registered Memorandum of Deposits, the deed should be drafted by the local Legal Adviser and submitted to Head Office for approval.

For (a), (b) and (c) Legal Report, Valuation report and Search report to be sent to the Head Office.

J. Advances against Supply Bills drawn on Government, Municipalities or Rlys.

1. Demand Promissory Note.
2. Irrevocable Power of Attorney in favour of the Bank.

The Bills should always be accompanied by an Inspection Note approving the goods and/or by the necessary Challan that the goods have been actually received and accepted by the Department.

DOCUMENTS TO BE TAKEN	REMARKS.
3. A Letter from the party undertaking to pay the amounts of Bills, if any, received by him direct from the Supply Department.	
4. Letter of Continuity in case of Overdraft Account.	

GENERAL INSTRUCTIONS :—

- (1) Company's common seal to be affixed on all documents executed by the Company.
- (2) Partnership Letters must be obtained in case of all advances to Firms and Karta Firms in case of Advance to Joint Hindu Family.
- (3) Particulars of Documents to be taken in "A" above in case of advances to Individuals, Firms, Joint Stock Companies and other Private Institutions apply *pari passu* to similar advances under rest of the Heads (B. to J.).

Form No 2

Loan Application Form

To

The Mutual Banking Corporation Limited.

.....office.

1. Applicant's name in full
2. Names of partners in case of a firm & whether registered
3. Father's name & caste
4. Occupation with income
5. Applicant's residence & present address
6. Name of surety & his address
7. Amount required
1. Period and purpose for which required
8. How repayment is proposed
10. Whether the applicant applied to any of the Branches or to any other Bank for a loan, if so, with what result
11. If the applicant has got any previous debt or has stood surety for any debt, give particulars as below :—

Station	Names of creditors & address	On what security (particulars of property)	Amount	Remark
---------	------------------------------	--	--------	--------

12. Particulars of security offered.....:.....

(a)

(b)

I/We hereby declare that I/We have read the rules and that the answers given above are true

Signature

Date ..

Address

Rules relating to issue of Loans

(i) Loans sanctioned, but not availed of by the borrower within one month from the date of sanction will be considered as cancelled.

(ii) Compound interest will be charged after every half year according to the financial year of the Bank.

(iii) The Bank reserves the right to adjust the whole or part of the amount due to it from funds payable to the constituent from whatsoever account.

(iv) The Bank reserves the right to repledge or otherwise mortgage the securities for the purpose of raising funds for its use.

(v) Overdrafts and cash credit accounts operated by cheques will be charged with Rupee one, per half year as incidental charge.

Form No. 3 Demand Promissory Note (given jointly)

Rs. 19
ON DEMAND We jointly and severally promise
to pay THE BANK LIMITED at or
order the sum of Rupees
.... for value received with interest thereon from this
date at ... per cent per annum until the date of
payment in full with rests.

Signature
Full Address. on Stamp

N. B. Stamps should be cancelled by the maker writing his name or initial across them, together with the true date of his so writing, viz., the date of this note in addition to his signature on the note.

Form No. 4
Joint Promissory Note payable After
Date or Sight.

Rs.

Date.

Three months after date (or, after sight), we jointly and severally promise to pay to....Bank Ltd. or order the sum of Rupees (Rs.) only, with interest at the rate of Rs. per cent. per annum from the date hereof until payment, for value received.

Address.

Debtors'

Signatures

Form No. 5
Joint Promissory Note payable in Instalments.

Rs.

Date

We jointly and severally promise to pay to....Bank Ltd. or order the sum of Rupees (Rs.) only (for value received), by instalments of Rs. per month, with interest on each instalment at Rs. per cent. per annum from the date hereof until payment, the first instalment with interest thereon to be paid on the....day of....next, and each succeeding instalment with interest thereon to be paid on the—day of each following month, until the whole of the said sum of Rs. be repaid; any one instalment being in arrear for seven days, to render the balance of the said sum of Rs. remaining owing to become immediately payable, with interest thereon until payment; every instalment to be paid at.—

Debtors' Signatures

Witness.

Form No. 5A**Promissory Note payable on Demand.**

Rs.

(Date).

On demand (or, at sight, or, on presentment), I promise to pay to A. B. (or, to A. B. or order) the sum of Rupees (Rs.....) only, with interest at the rate of Rs. per cent. per annum until payment, for value received.

C. D. (debtor).

Form No. 6**Specimen form of usance Hundi**

Rs..... Calcutta... 194 .

..... days after date without grace, pay to the... Bank Ltd. or order the sum of Rupees...,

...for value received with interest @

....per cent per annum after due date.

Presentation, protest and notice of dishonour waived.

To

.....

.....

.....

Drawer

Drawee

N. B. When the above hundi is accepted, the drawee should write the following on the face of the hundi and shall put his signature below :—

"Accepted payable at.....Bank Ltd. on due date...

Signature.

Form No. 7
Form of Saving Limitation of Bonds.

To

The Manager,

The

Bank Limited.

Sir,

I, the undersigned with Mr.

borrowed Rs

(Rupees ...)

on a bond on.....

We have paid Rs.

(Rupees

...)

only as principal and Rs.

(Rupees

....)

only as interest on different dates on the said loan,

We are sending Rs.

on account of due

interest also.

I/We want to continue the said loan of Rs.

(Rupees

) only with

interest @ % p.a. as before.

As it is very inconvenient and difficult for us to leave the place we wish that you will kindly take this as endorsements of payment of interests signed by us and also as an acknowledgment of our future liability to pay the principal amount of the debt, that is Rupees ...only with future interests and allow us to continue the said debt.

Yours faithfully,

Signed in my presence.

Form No. 8**Notice to Debtor.****To**

A.B. (debtor).

We hereby beg to demand of you payment of the sum of Rs. , due on account of a loan taken by you on the day of , with interest at the rate of per. cent per annum, and request you to be good enough to remit the said amount by the day of , and on your failure to do so, this is to give you notice that legal proceedings will be taken for the recovery of the amount due with costs and interests without any further reference to you.

(date)

Manager

Form No. 9**Receipt of Account Due**

RECEIVED this day of from A.B., through E.F., the sum of Rupees (Rs.) only, being in full (or part) payment of his account of Rupees due to me (or us).

Manager

(Date)

overdraft amount in the Cash Credit account which may at present or hereafter from time to time be outstanding in my/our name/s to the extent of Rs.

which I/we may avail of hereafter and the said promissory note is to be a security to you for the balance from time to time due to the bank and also for the ultimate balance or sum to become due and remaining unpaid on the said Cash Credit Account and I/We remain and shall remain liable on the said Promissory Note and the said security is not to be considered exhausted or withdrawn notwithstanding the fact that by payments made into the said Cash Credit Account from time to time the overdraft may from time to time be reduced or extinguished or even that the balance of the said account may be at credit or of its being drawn upon to the full extent of the said sum of Rs. if afterwards re-opened by a payment to the credit of the account.

In consideration of the advances already made and of those which you may at your discretion make (not exceeding Rs. in all) to me/us from time to time I/We hereby create and give you a lien on all securities deposited and pledged now or heretofore by me/us with and all other securities that may from time to time hereafter be held by you on my/our account for the outstanding general balance of all and every of my/our loan, current, cash credit or other accounts with you as security for payment on demand at (Calcutta) with interest @ % per annum or at such other rate as may from time to time be agreed upon and all charges and expenses, with power to you at your discretion to sell and dispose

off all or any of such securities in the event of my/our not maintaining a margin of.....per cent on the market value of the securities or on my/our failing to repay the amount on demand or on the due date and on such sale to apply the net proceeds of such sale in satisfaction so far as the same will extend towards all such advances herein as aforesaid and the interests, costs and other charges in connection thereto and towards all other debts due by me/us to the Bank either singly or jointly with another or other and I/We undertake to execute proper transfer deeds and other instruments when required and called upon to ensure to you the full benefit and advantage of the said securities. In case the net amount realised and recovered out of the proceeds of such sale of the securities be insufficient to cover the full and total debt due to the Bank, I/We am/are and shall remain liable to make good the same and shall forthwith pay to the Bank on demand. I/We further authorise you to attach to such securities whatsoever stamps may be required to render them valied security and I/We undertake to reimburse you the cost of such stamps. You are at liberty and authorised to pledge my/our securities deposited to you.

Yours faithfully,

Address

Dated

Form No. 11
Pledge of Jewellery

To

The Manager,

THE

BANK LIMITED.

Dear Sir,

As security for the due repayment of my/our Promissory Note of _____ for Rs. _____ and interest as specified therein, please receive ornaments and jewellery, belonging to me/us with the weight in tolas as per statement at foot (which has been valued by your saraf at Rs. _____) and in the event of my/our failing to meet the above obligation on the Bank making a demand I/we hereby authorise the Bank to dispose of the said security and from the proceeds reimburse the Bank and I/We also bind myself/ourselves to make good any deficiency in connection therewith. The notice of demand will be sufficient if posted to my/our last registered address even if not received by me/us. I/we undertake not to take any objections to the regularity of the sale of the pledged Jewellery by the Bank and will not be entitled to any damage against the Bank on the ground of irregularity of the sale.

I/We further declare that the Jewellery and ornaments, lodged by me/us are of genuine gold and belong to me/us and no one else has any lien over them. I/We hereby authorise you to subpledge the articles below when the Bank thinks it necessary. I/We declare that the loan taken against the articles are required for commercial purpose.

**LIST OF JEWELLERY REFERRED TO ABOVE AND
DEPOSITED WITH THE BANK AS SECURITY.**

NO.	PARTICULARS	Weight in tollah	Price per tollah	AMOUNT ADVANCED	

Yours faithfully,

Certified that the above written weights and valuation rate(s) have been verified by me and are correct. I hold myself responsible for the correctness of weight and price of date.

(Goldsmith)

No.

Checked.

Received Contents.

Accountant.

Cashier

Form No. 12

Receipt of Jewellery

Received from.....
son of.....
 as per list dated the Gold and silver ornaments
 weighing approximately tolas ()
 as security against loan amount of Rs.
 (Rupees)

For and on behalf of
Bank Ltd.
Manager.

Accountant.

Form No. 13

Pledge of Jewellery

(Muccadam)

To

The Mutual Banking Corporation Ltd.
 Branch

Dated.....19 .

Dear Sir,

Please take delivery of the securities now pledged with you as detailed below against which I/we have advanced Rs. ... (Rupees ...) to the parties mentioned below. You are hereby authorised to repledge them whenever desired by you. I/we hereby further declare that I/we have taken authority from my/our borrower to repledge them.

Yours faithfully,
 (Borrower).

Certified that the weights and valuation rates given below have been verified by me and are correct.
 (Goldsmith).

Form No. 14**Half Yearly Interest Notice.**

For loans against gold securities
 (Registered with Acknowledgment Due.)
 The Bank Limited

No. ... Date 19 .

Dear Sir,

We beg to inform you that interest on your Demand Loan dated ... for Rs. .. fell due for payment to-day and has been debited to the account.

We hereby give you notice that if the balance of the loan together with interest due which amounts to Rs. ... upto ... is not paid by you within one month from the date hereof the ornaments held by us as security for the advance will be sold by public auction or private contract as we think best at the bank premises and should such sale proceeds be insufficient to cover the full amount due to us you will be liable to pay such deficiency.

Yours faithfully,

Manager,

Form No. 15**Form of Assignment of Insurance policy.**

For value received I hereby assign
 and transfer unto of
 this Policy of Assurance known as No.
 issued by the of upon the life
 of and all bonus

body or Company whatever save and except to yourselves and that nothing shall be done or suffered whereby you or any person claiming through you may be prevented from receiving the monies payable thereunder or any part thereof.

2. That I will, untill the advance/overdraft made to me is fully repaid, pay all premium on the policy assigned to you and I shall forthwith deliver to you the receipt or every premium paid to the Company by me.

3. That in case of default by me in payment of any premium it shall be lawful for you or any person claiming under you but without any obligation to do so, to pay the said premium or any of them and that any money so paid shall be repayable by me on demand with interest at the same rate as may be payable by me in connection with the advance.

4. That the premium which you may pay by virtue of the clause mentioned above shall be deemed to be a part of the principal money advanced to me and shall bear interest accordingly and shall be within the scope of all securities held by you in connection with the original advance made to me.

5. That whenever I fail to pay any premium on the due date or whenever the Bank in its discretion think fit, the Bank will have the absolute right without further reference to me, to take a loan from the Insurance Company against the policy or to surrender the policy and to accept the loan or the surrender value of the same and appropriate the amount towards repayment of my dues to the Bank.

6. That I solemnly declare that all the statements herein contained are true and that the advance/overdraft has been made to me by you upon the faith of the statements herein contained.

Yours faithfully,

Form No. 17

Notice of Assignment to the Insurance Co.

.....Bank Ltd.

.....194

The Manager.

Insurance Co., Ltd.

Gentlemen,

I hereby give you notice, that by an Indenture dated the day of 19 of whose life, is assured by policy No in your Company, did assign the said Policy to the Bank Ltd.,

Kindly acknowledge the receipt of this notice and inform me whether you have received notice of any previous charge on this Policy.

I enclose postage stamps for in payment of the Registration Fee.

I am, Gentlemen,

Yours faithfully,

Manager.

Form No. 18**Form of Reassignment of Insurance Policy.**

Released ~~and~~ reassigned the within Policy No.
 of Co. Ltd.
 to the assured for consideration
 received. For The Bank Ltd.,
 Manager.
 Date

Form No. 19**Memorandum of Securing Bankers' Advances
against Stock-Exchange Securities.**

The Bank Ltd. of
 (hereinafter called the said Bankers) having agreed to
 make advances of moneys to and to
 permit to open and continue an account
 with the said Bankers, I/We of
 do hereby deposit in
 their hands for better
 securing and re-payment of such advances or any renewal
 thereof, and as a general cover upon all accounts with
 the said Bankers including Bankers' Interest and their
 usual commission and other lawful charges, and
 hereby authorise them to sell such securities by
 public auction or private contract, at such time or
 times, to such person or persons, and at such price or
 prices, and under such conditions as they in their
 absolute discretion shall think fit, and to apply the

proceeds after the payment of the costs attending such sale and transfer, in or towards satisfaction of the said advances and all other moneys which may at any time be owing by _____ to the Bankers, either separately or jointly with any other person or persons, and either as a principal debtor or as a surety for any, other person or persons including such interest, commission and charges as aforesaid.

Address

Signature

Date

Form No. 20
Deed of hypothecation of goods
 (One rupee stamp)

To

The Manager

THE

BANK LIMITED,

Date

19

Dear Sirs,

In consideration of your Bank having made an advance of Rs. _____ or making advance to me/us (not exceeding Rs. _____ in all) I/We hereby deposit and pledge, with the Bank, goods, described in the Schedule hereto, of the value of Rs. _____ thus providing a margin of _____ % therein as security for payment on demand the said advances with interest thereon at _____ per cent per annum or at such other rate as may be, from time to time, agreed upon, with _____ rests together with Fire Insurance Premium and all Warehouse and other charges paid or incurred by the Bank in respect of the said goods.

I/We will be at liberty to remove goods from time to time on sufficient cash payments to the Bank, but so long as any money remains due to the Bank in respect of the said advances or any interest thereon or any Insurance Premium or charges on the said goods, I/We hereby engage to maintain the above margin intact i. e. the balance due to the Bank at any time will not have a larger proportion to the value of the goods in deposit with and pledge to the Bank than to 100.

In case the amount of the said advances with all interests and charges shall not be paid to the Bank on demand or in case I/We at any time fail to maintain the margin of security above stipulated between the sum due by me/us and market value of the security for twenty-four hours after being required in writing to do so, it shall be lawful for the Bank forthwith or at any time thereafter absolutely to sell and dispose of all or any of the said goods and to apply the net proceeds of such sale in satisfaction so far as the same will extend towards the liquidation of the amount due for principal and interest in respect of the said advances, together with all costs, charges and expenses incurred by the Bank and I/W agree to accept the Bank's account of such sale, signed by the Managing director, Manager, or by Secretary severally or jointly, Accountant, or other duly authorised officer of the bank as sufficient proof of the correctness of the amount realised by, and the charges and expenses in connection with such sale.

If the net sum realised by such sale should be insufficient to cover the full amount due in respect of the said advances with interest and charges as shown in the said

Form No. 21

**Mortgage-deed in favour of Bank to secure
indebtedness on Loan Account.**

This Indenture made the day of .
194 . between of
(hereinafter called the Mortgagor which expression
shall be deemed to include his heirs Executors Adminis-
trators and assigns) of the one part and the

Bank, Limited, a joint-stock Company
Incorporated under the Indian Companies Act and
having its registered office at (herein-
after called the Bank which expression shall include
its assigns) of the other part. Whereas the Mortgagor
is the owner and the proprietor of the messuages lands
hereditaments and premises described in the Schedule
hereto and intended to be hereby mortgaged free from
encumbrances and whereas the Bank has agreed to lend
to the Mortgagor the sum of Rupees only
on having the re-payment thereof with interest secured
in the manner herein-after-appearing : Now This Inden-
ture Witnesseth as follows —

1. In the pursuance of the said agreement and in
consideration of the sum of Rupees paid on
or before the execution of these presents by the Bank
to the mortgagor (the receipt whereof the Mortgagor
hereby acknowledges) the Mortgagor hereby covenants
with the Bank as follows :—

(1) That the Mortgagor will pay to the Bank
the said principal sum of by equal half-
yearly instalments of Rs. on the first day of April

and the first day of October each year, commencing from _____, and any interest due thereon so that the whole debt is paid in full on or before the

(2) That the Mortgagor shall in addition pay interest on the principal sum secured by these presents at the rate of _____ % per annum.

(3) That the Mortgagor shall pay to the Bank interest at the rate stipulated in Clause 1 (2) with half-yearly rests on the 31st June and 30th December up to the date of realisation, in case the Bank has to institute a suit for recovery of the principal and interest or any portion thereof that may be due to the Bank. And if at any time six months' interest payable under these presents shall remain owing and unpaid then the interest so in arrears shall be converted into principal and until paid off shall carry interest at the aforesaid rate of _____ per cent. per annum with half-yearly rests.

(4) That the Mortgagor shall and will during the subsistence of this security at his own costs and charges and expenses keep and maintain the said premises hereby mortgaged in good repair and tenantable condition.

(5) It is hereby agreed and declared that in case any of the instalments of principal or interest payable under these presents be not satisfied on the dates hereinbefore appointed for the payments of such instalments of principal or interest then the whole amount of principal remaining unpaid together with interest due shall at once become payable to the Bank, and the Bank may forthwith enforce at once any of the remedies to which a holder of a simple mortgage is entitled under the Transfer of Property Act.

(6) That the Mortgagor will within one month from the date of these presents insure and keep insured the building and such other part of the mortgaged premises as are of an insuitable nature or any part or parts thereof from loss or damage by fire in the full value thereof in some insurance office to be approved of by the Bank in the joint names of the Mortgagor and the Bank as mortgagee (the relative policy to contain the Agreed Bank clause of the Fire Insurance Association) and will duly pay premiums and sums of money payable for that purpose and will deliver to Bank the policy for such insurance and the receipt for every such payment within seven days after it shall become due and in case the Mortgagor shall neglect or refuse to keep the said premises insured to the amount aforesaid or to deliver such policy and receipts as aforesaid then and in every such case it shall be lawful for the Bank to insure the same to the amount aforesaid or any less amount and all sums of money expended by the Bank in or about such insurance as aforesaid with interest for the same at the rate of rupees per cent. per annum (with half-yearly rests) computed from the time or respective times of advancing the same shall be repaid by the Mortgagor to the Bank on demand and in the meantime shall be a charge on the premises hereby mortgaged in addition to the principal sum and interest thereon.

(7) That the Mortgagor agrees that all sums of money awarded as compensation for any compulsory acquisition of any portion of the mortgaged property by any Government, municipal or railway or district board

authority shall be receivable by the bank direct on behalf of the Mortgagors and that such money as well as moneys received under and by virtue of any such insurance as aforesaid shall at the option of the bank either be forthwith applied in towards substantially rebuilding or re-instating or repairing the said premises or in or towards the payment of the principal money, interest and costs for the time being remaining due on the security of these presents.

II. For the consideration aforesaid and in further pursuance of the said agreement the Mortgagor hereby grants and transfers by way of simple mortgage unto the Bank all the property described in the Schedule hereto together with all rights easements and appurtenances thereto and all his rights title and interest in and to the said premises to the intent that all the said premises hereby mortgaged shall remain and be charged by way of simple mortgage and free from all encumbrances as security for the payment to the bank of the said principal money interest and costs in accordance with the covenants hereinbefore contained.

III. That the Mortgagor shall allow the Bank its servants agents and surveyors at all reasonable times to enter the said premises and view and examine the state and condition thereof.

IV. Provided always that the Mortgagor may at any time after giving the Bank thirty days' notice pay the bank the whole of the principal sum and interest and costs that may be due to the bank.

In Witness whereof the Mortgagor has set his hands
on the day of 19 .

Signed in the presence of :

Signature

1.

2.

(Schedule).

Form No. 22

Affidavit regarding Property being Self Acquired.

In the Court of the Magistrate,

In the matter of Deposit of Title deeds of
premises No. with
as security for advances from them.

We and ,solemnly
affirm and declare :

1. That we commenced business as
under the name and style of at
in the town of with our own self-acquired
money and our own unassisted endeavours without the
help of any joint or ancestral nucleus.

2. That out of the profits of the said business which
consisted entirely of our own self-acquired money
we purchased the premises No.

3. That we are the sole and absolute
owners of the said premises No. and that we
have no co-sharers or co-partners in respect of the
premises mentioned above and that the same is not either
ancestral or joint family property but is our self-acquired
individual property, over which we have full power of
disposal.

4. That the premises mentioned above are not subject to any mortgage, charge, attachment, lease pendency, lien, trust, annuity, Debutter liability, judgment, judgment-debt, or any incumbrances of any kind whatever and are not affected by any scheme or alignment of the Corporation of or the Improvement Trust or any Land Acquisition notice.

Signature

Form No, 23

Deed of Simple Mortgage (Usual Indian Form)

I, A.B., son of etc., by caste, etc., do hereby agree and declare as follows :

That, being urgently in need of money to defray the expenses of (my daughter's marriage), I have this day of , borrowed from you, The Bank Ltd, having its registered office at the sum of Rupees , for which I agree to pay interest at the rate of Rs. per cent. per annum. And I agree to pay the said sum of Rs. with interest at the aforesaid rate, on or before the day of .

As a security I hereby mortgage my ancestral property, consisting of, etc., situate at, etc., and specifically described in the schedule hereto annexed ; and I further agree that should I fail to pay the said sum of Rs. with interest at the aforesaid rate within the time stipulated above, you, the mortgagee, shall be at liberty to cause the said property hereby mortgaged to be sold to satisfy your claim, and should your claim be not then satisfied, you shall be at liberty to recover the balance from my person and other property. I also agree not to alienate the said

mortgaged property or to cause its deterioration, and further agree that if I do not fulfil any of the conditions of this deed, you shall be entitled to recover at once the mortgage-money without waiting for the expiry of the stipulated time. Any sum paid by me either towards the principal or towards the interest, shall be duly endorsed in my own hand on this deed, or I shall take a receipt therefor, and in the absence of a receipt or endorsement, I shall not claim nor be entitled to any deduction on account of repayment which I might set up.

This agreement shall not only bind me but also my heirs, executors, administrators or assigns.

I have duly and after full deliberation executed this deed and put my signatruue hereto at _____, the day and year above written.

Signature

Witness.

The Schedule above referred to.

Form No. 24

Deed of English Mortgage to secure Existing and Future Debts.

THIS MORTGAGE is made the _____ day of _____, between A. B., of, etc., (mortgagor), of the one part, and _____ Bank Ltd. of, etc., (mortgagee), of the other part.

Whereas the said A.B. is the absolute owner of the property intended to be hereby conveyed: AND WHEREAS the said A. B. is indebted to the said _____ Bank Ltd. in the sum of Rs. _____, and he has agreed to secure

the repayment thereof, and of any further sum or sums of money which may hereafter be advanced to him by the said

Bank Ltd., with interest for the same respectively, in the manner hereinafter expressed, NOW THIS DEED WITNESSES, that in consideration of the premises, the said A.B. hereby agrees with the said

Bank Ltd., to pay to them, on the day of , the sum of Rs. , with interest for the same at the rate of Rs. per cent. per annum, computed from the date of this deed : AND ALSO

to pay to the said Bank Ltd., such sum or sums of money as may hereafter be advanced by the said

Bank Ltd., to the said A.B., with interest thereon at the rate aforesaid, computed from the time or respective times of advancing the same, such payment to be made on such day of , or day of , as shall first happen after the principal

money shall have been advanced as aforesaid : And Also, so long as any principal money hereinbefore agreed to be paid shall remain unpaid after the day hereby appointed for payment thereof, to pay to the said Bank Ltd., interest thereon at the rate aforesaid, on the

day of , and the day of : AND

THIS DEED ALSO WITNESSES, that in consideration of the premises the said A.B., as beneficial owner, hereby conveys to the said Bank Ltd., ALL THAT, etc. (describe the property) TO HOLD the same to the said

Bank Ltd. absolutely : PROVIDED ALWAYS that, if the principal sum or sums of money hereinbefore agreed to be paid, with interest thereon, shall be duly paid at the time or times hereinbefore appointed for

payment thereof, then and in such case the said mortgaged property shall, at the request and cost of the said A.B., be re-conveyed to him absolutely.

IN witness, etc.,

Signature

Witnesses :

INDORSEMENT TO BE MADE ON THE ABOVE DEED ON THE OCCASION OF A FURTHER ADVANCE.

I hereby acknowledge to have this day received from the within-named _____ Bank Ltd., the sum of Rs. _____, being a further sum advanced on the within-mentioned security.

Date.

Signature

Re-conveyance of Mortgaged Property.

In an English mortgage and in a mortgage by conditional sale, the mortgagor makes a conveyance of his property to the mortgagee. If the mortgagee receive the mortgage-money, the mortgaged property has to be reconveyed to the mortgagor. A re-conveyance can be either endorsed on the mortgage-deed itself or made by a separate deed, in which case, it must be executed, attested and registered as a mortgage-deed. Reconveyance of the mortgaged property to the mortgagor is not, however, absolutely necessary to effect the redemption of a mortgage as, if the mortgage-money is fully paid there is no debt left and its

security is automatically extinguished. The payment of the mortgage-money is usually endorsed on the mortgage-deed which is returned to the mortgagor. This procedure is regarded as sufficient.

(b) Stamp duty. The stamp with duty Local Amendments, on a deed of Re-conveyance of mortgaged property.

- (i) If the consideration for which the property was mortgaged does not exceed Rs. 1,000 ;
- (ii) in any other case.

The same duty as a Conveyance for the amount of such consideration as set forth in the Re-conveyance. In Bombay-the same duty as a Conveyance, subject to maximum of Rs. 2/8/-

Ten rupees.

In Bengal, Madras, Punjab, U.P., C.P., Bihar & Assam Rs. 15/-

Form No. 25

Money-bond with Surety,

THIS BOND is made the day of _____, by us, A. B., of, etc., (debtor), and C. D., of, etc., (surety).

WHEREAS.....Bank Ltd., of, etc., has this day advanced a loan Rupees _____ (Rs. _____) only to us, the said A. B., at the request of the said C. D., the surety, on the terms and conditions hereinafter appearing : NOW we, the said A. B. and C. D., hereby jointly and severally bind ourselves to the said Bank Ltd. to pay to him the sum of Rupees _____ (Rs. _____)

balance of Rs. , on the day of : AND ALSO by way of separate agreement will pay to them interest in the meantime on the said sum of Rs.

(principal sum) or the balance for the time being remaining owing and unpaid, at the rate of Rs.

per cent. per annum by equal half-yearly payments, on the day of and the day of in each year, the first of such half-yearly payments to become due and to be made on the day of .

2. AND IT IS HEREBY AGREED BETWEEN the parties hereto that is the Borrower or the Sureties, or either of them, shall become insolvent or make any arrangement with his or their creditors, or if any one of the said instalments of principal shall be in arrear for days after the same shall become due as aforesaid, then the whole of the remaining instalments payable hereunder shall thereupon immediately become due, with interest thereon at the rate aforesaid to the date of payment thereof.

3. AND the Sureties and each of them hereby agree with the Lender that the Lender shall not be obliged to claim payment from the Borrower before resorting to the Sureties or either of them, and time given by the Lender to the Borrower to pay any instalment of principal or any interest payable hereunder shall not affect or release the Sureties or either of them.

In witness, etc.,

A. B.

C. D.

For & on behalf of

Bank Ltd.

Manager

Witness :

Deed of Usufructuary Mortgage by Conditional Sale.

The Mortgagor hereby agrees that the Mortgagee is to retain possession of the mortgaged property until the principal sum together with the interest due, after crediting the proceeds of the property, be paid off by the Mortgagor' and on payment of the aforesaid sum, the Mortgagee should execute a re-conveyance of the mortgaged property in favour of the Mortgagor, the costs of such re-conveyance to be paid by the Mortgagor, the Mortgagee also should not do any act in respect with the said property in his possession by which its value may be diminished.

The Mortgagor does also agree to pay the Government revenue and the municipal taxes of the said property regularly, and in case he fails to make such payments, the Mortgagee shall be at liberty to pay such revenue and taxes and such sums paid should be considered as additional principal sum advanced to the Mortgagor, and shall carry interest at the rate stipulated above. And lastly, the Mortgagor also agrees that if he, the Mortgagor, does not pay the principal sum with the interest then due on the stipulated date, the Mortgagor will be entitled to foreclose the mortgaged property, and thereafter the Mortgagor, his heirs, executors, administrators or assigns shall be absolutely debarred of all the rights to redeem the same.

In witness, etc.,

Signature of X & Y

Witnesses.

Form No. 28
Security Delivery Letter.

19 .

To

The Mutual Banking Corporation Ltd.

Dear Sir,

Please accept and own receipt of the undernoted securities which have been endorsed by me/us into the name of the Bank and hold them as security for all moneys now owing or which shall at any time hereafter be owing from me/us in any manner whatsoever.

Interest on the securities is to be credited as it falls due to my/our loan account.

Details of securities

Yours faithfully, .

Form No. 29
Share Transfer Form.

I of in consideration of the sum of Rs.
paid to me by here-in-
after called the said Transferee do hereby transfer to the
said Transferee shares numbered
standing in my name in the books of the
Co., Ltd. to hold unto the said Transferee his executors,
administrators and assigns subject to the several conditions
on which I hold the same at the time of the execution
hereof and I the said do hereby agree
to take the said shares subject to the same condition.

Signed this day of in the year 19 .

Signed by the above named

transferor in the presence of : SELLOR'S SIGNATURE

Witness _____ Purchaser's signature _____

Signed by the above named Occupation

transferee in the presence of : Address

Witness

Purchaser's specimen signature : Approved :

Directors.

Form No. 30
Notice of Lien on Shares to Company by Bank.

No.

19 .

To

The Secretary,

THE

Co., Ltd.

Dear Sir,

We hereby beg to give you notice that we have a lien on the shares Nos. in your Company standing in the name of of

Kindly sign and return to us the enclosed duplicate notice and at the same time be good enough to say whether you have received notice of any prior charges on the above shares. A letter of consent of the holder of the shares stated above is enclosed.

Yours faithfully,
Manager

The following is to be signed by the Company and returned to the Bank :—

We hereby acknowledge having received a copy of the above notice and beg to state that we have not yet received any notice of a prior charge upon the shares.

For and on behalf of

Per Pro

Co., Ltd.

Secretary.

Form No. 31

19 .

**Notice of Lien on Shares to Company
by Share holder.**

(To be enclosed with previous notice.)

To

Co. Ltd.

Dear Sirs,

I hereby give you notice that the undermentioned shares of your Company standing in my name have been pledged with the Bank Limited, against valuable consideration received from them.

You are therefore, requested to note the lien of the Bank Limited on the undermentioned shares for which a blank transfer deed has been duly executed by me and handed over to the above bank along with share scrips.

Yours faithfully,

No. of shares

scrip no.

Form No. 32**Memorandum of Mortgage by Deposit
of Title deeds.**

MEMORANDUM that on this day of , A.B., of, etc., (mortgagor), has deposited with Bank Ltd., of, etc., (mortgagor), by way of MORTGAGE BY DEPOSIT OF TITLE-DEEDS, the title deeds comprised in the schedule hereto, relating to certain premises belonging to the said A.B., and situate at etc., for securing the repayment to the said Bank Ltd. on the day of of the sum of Rupees , this day

advanced by the said Bank Ltd. to the said A.B..
with interest for the same from this date at the rate of
Rs. per cent. per annum.

In witness, etc.

A.B.

Witness :—

The Schedule above referred to.

Form No. 33

Memorandum of Deposit of Title-Deeds.

Memorandum that I the undersigned of
hereby acknowledge that I have this day deposited with
the Bank Limited (hereafter called "The
Bank" which expression shall include their successors
and assigns) the documents specified in the Schedule hereto
with intent to create a mortgage by deposit of title deeds
upon all my estate and interest in the property to which
such documents relate, for the purpose of securing the
payment to the Bank on demand of all moneys now
owing or which shall at any time hereafter be owing from
me either solely or jointly with any person or persons to
the Bank whether on balance of account or by the discount
or otherwise in respect of bills of exchange, promissory
notes, cheques and other negotiable instruments, or in any
manner whatsoever and including interest with half yearly
rests, commission and other banking charges and any law
costs incurred in connection with the account as between
attorney and client. And I hereby further agree whenever
requested by the Bank at my own cost to execute to the
Bank a mortgage in any other form of such property in

such form and with such power of sale and other provisions as the Bank may require for securing the repayment on demand of all moneys secured by this mortgage. And I hereby also agree that so long as any moneys remain owing from me to the Bank to pay interest thereon to the Bank at the rate of % per annum. And I hereby declare that documents now deposited are all that are in my possession or control and that the property is not charged or encumbered in any way whatsoever.

As witness my hand this day of 194 .

The Schedule above referred to

Witnesses :

Customer's signature

N.B. The above memorandums do not require registration.

Form No. 34

Memorandum of Deposit of Title Deeds by a person to secure the Account of Another Person.

I, the undersigned of , in consideration of the Bank, Limited hereinafter called "The Bank" opening or (continuing) an account with of hereinafter referred to as "the Debtor", hereby acknowledge that I have this day deposited with the Bank the documents specified in the Schedule hereto as a security for the payment on demand by the Debtor to the Bank of all moneys and liabilities already advanced. paid to incurred to or for the Debtor by the Bank, or which the Bank may at any time advance, pay or incur to or for the Debtor, either solely or jointly with any other person or persons as partners or otherwise, whether on balance of account, or by the discount or

otherwise in respect of bills of exchange, promissory notes, cheques, and other negotiable instruments, or in any manner whatsoever, and including interest with half-yearly rests, commission and other banking charges and any law costs incurred in connection with the account. And I hereby further agree with the Bank, their successors and assigns, that whenever requested by the Bank at my own expense to execute to the Bank a valid legal mortgage, or charge by way of legal mortgage of the property comprised in and affected by the said documents or any of them and intended to be included in this equitable mortgage unto the Bank, the said legal mortgagor charge by way of legal mortgage to include such power of sale and other provisions as the Bank may require for securing the payment on demand of the principal moneys and interest to be thereby secured. AND I also agree that so long as any moneys advanced to the Debtor remain unpaid, to pay interest thereon to the Bank at the rate of per cent. per annum. If the debtor shall become bankrupt or insolvent or enter into any arrangement or make any composition with his creditors, the Bank shall be at liberty (notwithstanding payment to the Bank by me or any other person of the whole or any part of the sum secured) to rank as creditor and prove for the full amount of its claim, and the Bank shall be at liberty to renew any bills, notes or other securities, which the Bank may then or thereafter hold or be entitled to, against the estate of the debtor, or to agree to and except any composition in respect of the same, AND I will not by paying off the sum secured or upon any other ground prove, or claim to prove, in respect of the sum secured,

or any part thereof, until the whole of the Bank's claim against the debtor has been satisfied and the Bank may and shall receive and retain the whole of the dividends, compositions, or other payments thereon, and I shall not be entitled to claim or have the benefit of any such proof, dividends, compositions, or payments or the benefit of any other security held by the Bank in reduction of the amount secured by me or otherwise until they have received the full amount due from the said debtor. And the Bank may enforce and recover upon this security the full amount hereby secured and interest thereon notwithstanding any such proof or composition as aforesaid, and notwithstanding any other security or remedies which they may hold or be entitled to in respect of the sum intended to be hereby secured or any part thereof, and notwithstanding any charges for interest which may be debited in the account current with the debtor, or in any other account upon which he may be liable.

Dated this.....day of.....19

(The Schedule above
referred to)

Signature of Depositor
and witness.

Form No. 35

(Stamp Rs. 2/-)

Form of Declaration

Referring to Hundi /O. D./ loan transactions entered into by me/us with The.....Bank Ltd. I/we beg to declare the following facts as true.

1. That the property the title deeds of which have been deposited with the said bank is free from all encumbrances whatsoever.

2. That no adverse claim of any kind exists against the property.

3. The property has already been insured to the extent of Rs.

Your faithfully,

Dated ...

Form No. 36 Guarantee for Payment of Debt.

To

.....Bank Ltd.....office.

I, the undersigned A.B., of,..... (surety), hereby guarantee the payment to you of the sum of Rs. . which you have this day advanced to E.F., of,....., (principal debtor), at my request, together with interest thereon at the rate of Rs. per cent. per annum, such interest to run as between us from the date of your sending me by registered post at, etc., a written demand for payment of the said sum of Rs. ; and this guarantee shall not be affected by your granting time or any other indulgence to the said E.F., or by his death or insolvency, and I waive all right, which I may become entitled to as surety, to compete with you in obtaining payment of the moneys due or to become due to you in respect of your said loan as against the said E.F., or his estate or any other surety for him.

(Date).

A.B.

Form No. 37
Form of Power of Attorney.
 (Stamp Rs. 10/-)

Know all men by these presents I/we
 son of Babu/Mr.
 carrying on business as under the
 name style and firm of
 at by caste
 being the sole Proprietors of the said firm, do hereby constitute, nominate and appoint The Bank
 Limited, a Joint Stock Company with limited liability
 duly incorporated under the Indian Companies Act and
 having their registered office at
 in the town of my/our true and
 lawful Attorneys for me/us and in my/our name and on
 my/our behalf and on behalf of my/our said firm to present
 Bills made or hereafter from time to time to be made by
 me/us or by my/our said Attorney on various persons,
 firms, corporations, companies, mercantile houses, Govern-
 ment or other authorities and Public bodies for goods and
 other effects and things supplied or sold to them or for
 any construction work done for them, and to apply to them
 for payment of the sum or sums of monies that may be due
 or payable to me/us in my/our said firm on such bills or
 any of them and to demand collect receive and realise the
 same by instalments, suits or otherwise as my/our said
 Attorneys shall think fit and proper and for me/us and in
 my/our name or in the name of my/our said firm or in the
 name of my/our said Attorneys to sign, endorse or other-
 wise realise or negotiate all mercantile document, draft or

other payment of money and to give and execute all proper and effectual receipts and discharges for all monies received realised or paid in respect thereof or any of them which receipts whether given in my/our name or in the name of my/our said firm or in the name of my/our said Attorneys shall absolutely exonerate the person or persons paying such monies from seeing to the application thereof or being responsible for the loss or misapplication thereof and if necessary to present documents for registration admit execution of and register all receipts and discharges whether signed or executed by me/us or by my/our said firm or by my/our said Attorneys or by any person or persons in my/our favour and I/we hereby agree to confirm and ratify all that my/our said Attorneys shall do or cause to be done in the premises by virtue of these presents. I/We hereby declare that this Power-of-Attorney shall be and remain irrevocable so long as any money shall remain due and owing by me/us or by my/our said firm to my/our said Attorneys on any account whatsoever.

In witness whereof I/we have hereto signed and put our seal at ... this ... day of ... 19

Signed, Sealed and Delivered

by the above-named

in the

Signature

presence of :—...

Witness ...

Address ...

Witness ...

Address ...

Form No. 38**Power of Attorney from the Bank to Manager
for general management**

Whereas! Bank Limited was incorporated under the Indian Companies Act, 1913 as Company Limited by shares. And whereas the.....Bank Ltd. (hereinafter called the "Company") is desirous of making the appointment as is hereinafter contained. Now these presents witness :—

That the.....Bank Ltd. hereby appoints Mr. of the Attorney of the Company to carry on and manage the business of the Company and in the name and on behalf of the Company to do all such acts and things, and to execute all such deeds and instruments, as in the opinion of the said Attorney, may be necessary or convenient for carrying on and transacting the business of the Company. And it is hereby expressly declared that, without prejudice to the general powers hereinbefore contained, the said Attorney shall have power in the name and on behalf of the Company to do all or any of the following things :

1. To work, manage, develop and turn to account all the properties of the Company.

2. To receive accept transfer of, demand, sue for, enforce payment of and give receipts and discharges for, all moneys, debts securities, stocks, shares, dividend interest and other property now due or belonging or which may hereafter become due or belong, to the Company whether solely or jointly, with any other company or person.

3. Subject to the consent of the Directors to enter into, make, sign, acknowledge, perfect, and do all contracts, conveyances, leases, mortgages, transfers, surrenders, releases agreements, instruments, acts and things in relation to the business of the company.

4. To commence, prosecute, defend, compound and abandon all actions, suits, claims, demands and proceedings in regard to the property and business of the Company.

5. To compound, adjust, settle, compromise or submit to arbitration any claims, disputes and matters that may arise in connection with the business of the Company.

6. To draw, accept, endorse and negotiate on behalf of the Company all such bills of exchange, promissory notes, hundis, cheques, drafts, Government promissory notes and other Govt. paper and other instruments as may be necessary, proper or expedient for the carrying on of the Company's business.

7. Subject to the consent of the Directors to operate any banking account opened in the name of the Company and to open and operate any fresh banking account in the Company's name.

8. To vote at the meeting of any other company and to act as the proxy or representative of the Company in respect of any shares of the Company.

9. To appoint or employ on salary, commission or otherwise clerks, officers, peons, servants, agents or other persons, from time to time and dismiss or discharge any such persons.

10. To make investment of the company's money or funds in such securities as may be approved by the Directors.

Given under the common seal of the Company this
day of 19 .

Seal

}

DIRECTORS.

Form No. 39

Power-of-attorney to Sell Particular Property.

BY THIS POWER-OF-ATTORNEY I, Mr.,.....
.....of, etc., hereby appoint Mr.....of, etc., my
attorney, in my name and on my behalf :—

1. To sell my house No. (or etc.), situate at, etc.,
to any purchaser at such price which my said attorney,
in his absolute discretion, thinks proper to agree upon.

2. To receive from the purchaser the purchase-money,
and to give proper receipt and discharge for the same.

3. In my name and as my act and deed, to execute a
proper conveyance of the said property to the said
purchaser.

4. To present the said conveyance for registration,
to admit the receipt of consideration before the Sub-
Registrar, to have the said conveyance registered and to
do all acts, deeds and things which my said attorney
shall consider necessary for conveying the said property
to the said purchaser as fully and effectually in all
respects as I could do the same myself.

AND I HEREBY AGREE to ratify and confirm all
and whatsoever my said attorney shall lawfully do or
cause to be done by virtue of this deed.

IN WITNESS whereof, I, the said A.B., have hereto-
signed (or, put my signature, or, set my hand) at , this.
day of .

witness

Signature

Form No. 40

Notice of Termination of Agent's Authority.

NOTICE IS HEREBY GIVEN that the Power of
attorney given by the undersigned Mr....., of, etc., to
Mr....., of, etc., has been revoked (or, that Mr.....,
of etc., is no longer in the service of the undersigned
Mr....., of, etc.), as from the day of .

The services of the said Mr.....having been terminated,
he has no authority whatsoever to transact any business
or to act in any way on behalf of the said Mr.....

Date

Signature .

Form No. 41

Form of Bill of Exchange.

No Calcutta ... 19

EXCHANGE for Rs.....

On demand (or, at sight or, ... days after sight)

of this SOLA of Exchange pay to the order of Mr.....

the sum of Rupees ... for

value received.

To

(Drawee or Drawer himself

....

Drawer's Signature.

Form No. 42**Form of Letter for Assignment of Bills.**

Address

Date

To

The Manager.

The

Bank Limited.

Dear Sir,

Re : Bill No. ... Dated

for Rs. ... on M/s

I have endorsed in your favour and delivered to you the above noted bill with the intention of assigning to you all my right, title, interest, claim and demand to the amount due on the said bill. I have also addressed a letter to the drawees of the said bill informing them of assignment and requesting them to pay the amount of the bill to you. Attested copy of the said letter is sent herewith. I confirm that in any event this writing shall be enforceable as an absolute assignment of moneys due on the said bill to you under the provision of Section 130 of The Transfer of Property Act without any objection whatsoever on my part.

Yours faithfully

Form No. 43
Form of Letter for assignment of bill
with terms clearly stated

To Address ...
Date
The Manager,
The Bank Limited.

Dear Sir,

Re : Bill No. Dated for
Rs. on Messrs

With reference to our above bill please advance us
Rs. on the following terms to which we are agreeable :

1. We shall not collect the bill ourselves or through other agents than yourselves.
2. We shall pay you interest @ ... % with monthly rests on the advanced amount and shall pay you a commission @ ... % on the amount of the bill as collection charges.
3. We shall bear all costs of realisation of the bill legal or otherwise and all proceedings, if any, necessary for its realisation.
4. If and when called upon by you, we shall execute a proper deed of assignment and an irrevocable Power of Attorney empowering you to realise the above bill and take all legal action for that purpose.
5. If the party in whose name the above bill is drawn fails to pay you or your agent the full amount of the bill, we shall on demand repay to you the amount advanced to us in respect of the bill with interest, commission and costs as mentioned above.

Yours faithfully,

Form No. 44

Form of Receipt of Bills by the payee

Received from the Bank Limited
 their B. P. No. dated ... for Rs. ... together
 with the following relative documents. The amount of
 the said bill will be paid to the said Bank
 Limited, the assignee of the said bill, in due course :

Encls : ...

1. Bill No. ...
2. Order No. ...
3. Challan No. ...
4. Letter of Assignment ...
5. Covering letter ...

6.

Signature with	}				
Company's seal	}
Address	
Date	

Form No. 45

Notice to the Drawee of Bills by the Drawer.

	Address	...			
	Date	...			
To					
Name			
Address			
	Re : Bill No.	...	dated		
	for Rs.	...	on		

Dear Sir/Sirs,

Please take notice that I have this day for valuable consideration absolutely assigned to The
 ... Bank Limited, the ~~above-named~~ bill
 and the amount due thereon. Please pay to them the
 amount due on the said bill and oblige.

Yours faithfully,

Form No. 46**Letter of authority to draw Hundi.**

To
 The Manager,
 The Mutual Bank Limited.

... ..

Dear Sir,

We beg to inform you that Mr. ...
 ... of ... is
 hereby authorised by us to draw Hundi on us to the
 extent of Rs. ... per Hundi up
 to a total limit of Rs. ...
 If at any time we are to modify the authority thus
 conferred on the above-named Mr.
 we shall inform you accordingly and till our instructions
 for such modification are received by you, this letter of
 authority will remain in force and we as well as our firm
 shall be responsible for the drawings on such Hundi.
 In case the Hundis are dishonoured on presentation, we,
 our firm, as well as the drawer will be criminally liable.

The specimen signature of Mr. ...
 on
 the enclosed slip are hereby confirmed by us.

Yours faithfully,

Dated

Form No. 47
Notice of Dishonour.

Notice of Dishonour.

Address.....

Date.....19 ..

To

Dear Sir,

Please take notice that the undermentioned bill for Rs.....upon which you are liable as drawer (or indorser) has been dishonoured for non-payment (or nonacceptance) and protested (in case of foreign bills). I have to request immediate payment of the said bill for Rs.....together with expenses amounting to total Rs.....

Yours faithfully,

Amount:.....

Date.....Tenor.....Dbe.....

Drawer.....

Acceptor.....

Indorser.....

Payable at.....

Answer given.....

Form No. 48**Deed of Assignment of Business Debts.**

THIS ASSIGNMENT is made the day of ,
between Mr....of, etc., (hereinafter called "the Vendor"),
of the one part, and.....Bank Ltd., of, etc., (hereinafter
called "the Purchaser"), of the other part.

WHEREAS the Vendor has for some time past carried
on the trade or business of, etc., and in the course of
such trade or business the several persons whose names,
addresses and occupations are mentioned in the schedule
hereunder written, have become indebted to him in the
sums of money set opposite to their respective names, and
he has contracted with the purchaser for the absolute
sale to them of the said debts for the sum of Rs. :

NOW THIS DEED WITNESSES, that in consideration of
the sum of Rupees now paid to the Vendor by the
Purchaser (the receipt of which sum the Vendor hereby
acknowledge), the said Mr....as beneficial owner, hereby
assigns to the said ...Bank Ltd., all the said debts, and sums
as specified in the said schedule which are now owing to
the Vendor : TO HAVE, receive and take the said debts
and sum of money to the Purchaser for his absolute use
and benefit.

In witness, etc.
witness :—

Signature

Form No. 49**Deed of Assignment of Bond Debt.**

THIS AGREEMENT is made the day of ,
between X of, etc., (vendor), of the one
part, and Y of, etc., (purchaser), of the other part.

WHEREAS by a bond bearing date, etc., Mr....of, etc., (obligor), became bound to the said principal sum of Rs. secured by the said bond remains owing, with arrears of interest thereon, amounting to Rs. ; AND WHEREAS the said X has agreed to sell the said bond debt to the said Y for the sum of Rs. ; NOW THIS DEED WITNESSES, that in consideration of the sum of Rs. to the said X now paid by the said Y (the receipt whereof the said X hereby acknowledges), the said X as beneficial owner, hereby assigns to the said Y the principal sum of Rs. secured by the said bond, and the sum of Rs....now due for arrears of interest thereon, and all interest henceforth to become due for the same, and also the said bond and the full benefit and advantage thereof : To HOLD the same to the said Y absolutely.

AND the said X hereby contracts with the said Y that the said principal sum of Rs. now remains owing on the said bond, together with the sum of Rs. for arrears of interest thereon.

Witness.

A.B.

Form No. 50

Deed of Transfer of Mortgage, Mortgagor Joining.

THIS TRANSFER OF MORTGAGE is made the day of , between A.B., of etc., (hereinafter called "the Mortgagee") of the first part, C.D., of, etc., (hereinafter called "the Mortgagor") of the second part and E.F. of etc., (hereinafter called "the Transferee"), of the third part, supplemental to a deed of mortgage (hereinafter called "the Principal Deed"), dated the day

of . . . , and made between the Mortgagor, of the one part, and the Mortgagee, of the other part, being a mortgage of property (or etc.,) situate at, etc., for securing the repayment of the principal amount of Rs. . . . and interest as therein mentioned, which principal amount of Rs. . . . is still due but all interest thereon has been paid up to the date hereof (or with interest, etc.) :
NOW THIS DEED WITNESSES as follows :—

1. In consideration of the sum of Rupees . . . now paid to the Mortgagee by the Transferee at the request of the Mortgagor (the receipt of which sum the Mortgagee hereby acknowledges, and the payment whereof the Mortgagor hereby admits), the said A.B. as mortgagee, by the direction of the Mortgagor hereby assigns to the said E.F. all the said principal amount of Rs. . . . due upon the Principal Deed (or, with interest, etc.,) and all interest to become due thereon and the benefit of all existing securities thereof : **TO HAVE**, receive and take the same to the Transferee absolutely.

2. For the same consideration the said A.B., as mortgagee by the direction of the Mortgagor hereby conveys, and the said C.D. as beneficial owner, hereby conveys and confirms to the said E.F., **ALL THAT**, etc., comprised in the Principal Deed and now vested in the mortgagee, subject to redemption thereunder : **TO HOLD** the same to the Transferee, subject to the right or equity of redemption subsisting under or by virtue of the Principal Deed.

3. The Mortgagor hereby agrees with the Transferee to pay to him on the . . . day of . . . , the said principal amount of Rs. . . . and interest thereon at the rate of Rs. . . . per cent. per annum, and also (by

way of separate agreement) as long after that day as may principal money remain owing upon the Principal Deed, to pay to him interest thereon at the same rate on the days mentioned in the Principal Deed.

In Witness, etc.

A.B.

C.D.

E.F.

Witnesses,—

Form No. 51

Deed of Sale of a Business and Assignment of Goodwill.

THIS SALE is made the day of between X of, etc., (vendor), of the one part, and., Y, of, etc., (purchaser), of the other part.

WHEREAS the said X is carrying on the trade and business of, etc., at, etc. : AND WHEREAS the said X has agreed with the said Y for the sale to him of all his interest and goodwill in the said trade and business, and of the debts, stock-in-trade, effects, and the premises on which the said trade and business is being carried on, at the price of Rs. and upon the terms hereinafter mentioned AND WHEREAS the said X has delivered to the said Y the books of accounts and other books relating to the said business, and in the said books are set forth the accounts and particulars of the debts respectively due and owing to and from the said X and also the particulars of the contracts and engagements to which he is liable in respect with the said business, NOW THIS DEED

WITNESSES that in pursuance of the said agreement and in consideration of the sum of Rupees paid by the said Y to the said X (the receipt whereof the said X hereby acknowledges), and also in consideration of the agreement hereinafter contained on the part of the said Y the said X does hereby convey, assign and make over to the said Y all the beneficial interest and goodwill of the said X in the said trade and business of, etc., so carried on by him as aforesaid, and also all the book & the other debts now due and owing to him on account of the said trade and business, and all securities for the same, and also all contracts and engagements, benefits and advantages which have been entered into with the said X and also all the stock-in-trade, goods, fixtures, articles and things which, at the date of this deed, belong to the said X on account of the said trade and business, and all the right, title and interest of the said X to and in the said premises : TO HAVE and to hold the premises hereby conveyed to the said Y absolutely.

The said X does hereby agree with the said Y that the said X will not at any time hereafter, either by himself or in connection with any other person or persons, carry on the said trade and business of, etc., within miles of, etc., and that the amount and particulars of the debts respectively due and owing to and from the said X on account of the said trade and business, and the particulars of the contracts and engagements to which he is liable in respect with the said trade and business, are correctly stated and set forth in the books of account and other books delivered by the said X to the said Y : AND that the said X will pay all the sums (if any)

which now may be due and owing from the said trade and business in excess of the amount which by the said books appear to be so due and owing ; AND that the said X has good right to sell and assign the said premises hereby sold and assigned to the said C.D. and will not at any time hereafter revoke, annul or make void the aforesaid power or authority hereby given to the said Y or do or execute, or knowingly or willingly suffer any act, deed or thing, whereby the said Y may be prevented from having and receiving the said premises or any part thereof, to and for his own use and benefit, or by means whereof the said Y shall be injured in the said trade and business : AND also that the said X will, from time to time and at all times hereafter, use his best endeavours to promote the said trade and business, and to give to the said Y the full advantage of the connection and custom of him, the said X in the said trade and business.

AND THIS DEED ALSO WITNESSES, that in pursuance of the said agreement in this behalf and in consideration of the premises, the said Y does hereby agree with the said X that he, the said Y will, from time to time and at all times hereafter, save harmless and keep indemnified that the said A.B. and his estates and effects from and against the several sums of money which by the said books appear to be due and owing from the said X in respect of the said trade and business and also from and against the contracts and engagements to which by the said books the said X appears to be now liable, and also all interest, costs, expenses, losses, claims and demands on account of the said debts, contracts and engagements respectively.

IT IS FURTHER AGREED that the names of the parties hereto shall, unless inconsistent with the context, include as well the heirs, administrators or assigns of the respective parties as the parties themselves.

In witness, etc.

Signature of X

Signature of Y

Witness.—

Form No. 52

Hire—Purchase Agreement.

AN AGREEMENT, made the day of , between Mr., of, etc. (hereinafter called "the Owner"), of the one part, and Mr., of, etc. (hereinafter called the Hirer"), of the other part :

Whereby it is agreed as follows :—

1. The owner will let and the Hirer will take on hire the goods and effects mentioned and comprised in the schedule hereto annexed, for the term of months (or years) from the date hereof at the monthly rent of Rs. .

2. The Hirer has already paid to the Owner the sum of Rs. for the first month's rent (the receipt of which sum the Owner hereby acknowledges), and the Hirer shall pay to the Owner a rent of Rs. per month on the day for each succeeding month during the said term, the next payment to be made on the.....day of ,

3. The Hirer shall keep the said goods and effects in good order and condition (fair wear and tear only

excepted), and make good all damage by fire whether accidental or otherwise, and at all times allow the Owner, his agents or servants to inspect the same.

4. The Hirer shall not, without the Owner's previous written consent, remove the said goods and effects from the above address of the Hirer, or permit the same to become fixtures.

5. The Hirer shall punctually pay the rent rates and taxes payable by him in respect of the said premises or any other premises where the said goods and effects may for the time being be kept, and if any such rent shall not be paid on the exact day whereon the same shall become due, this agreement shall thereupon and thereby terminate without notice or demand.

6. Should the Hirer neglect or fail to carry out any of the terms of this agreement, the Owner may (without prejudice to his right to recover any arrears of rent and damages for breach of this agreement) terminate the hiring without notice or demand and retake possession of the said goods and effects, whether the same shall be in the possession of the Hirer or of any other person, and for that purpose the Hirer hereby gives the Owner, his agents or servants leaves and license to enter in or upon any premises occupied by the Hirer to search for and retake possession of all the said goods and effects without being rendered liable to any action for trespass or otherwise.

7. The Hirer may terminate this agreement at any time by returning the said goods and effects to the Owner.

8. Upon this agreement being terminated under either of the three proceeding clauses hereof, the Hirer shall pay all arrears of rent due to the Owner up to the date of such termination, and shall not be entitled to any credit, allowance, return or set off for any payment of rent already made, which shall be forfeited to the Owner.

9. The Hirer may, at any time during the hiring, become the absolute owner of the goods and effects hereby hired by paying to the Owner all arrears of rent (if any) and all the remaining payments of rent to become due on this agreement during the said term without any discount or deduction (or subject to a discount of per cent. on all payments anticipated).

10. The Hirer or any other person, having possession of the goods, shall remain and be simply bailee of the same; and until the whole of the monthly payments shall have been made as hereinbefore provided or until a purchase is effected as mentioned in clause 9, and in the meantime, the said goods and effects shall be and remain the sole property of the Owner.

IN WITNESS, etc.

Signature of owner

Signature of hirer

Witness :—

The schedule above referred to.

Form No. 53**Deed of Sale of a House.**

THIS SALE is made this day of , between Mr....of, etc., (hereinafter called "the Vendor"), of the one part, and.....Bank Ltd.. of, etc., (hereinafter called "the Purchaser"), of the other part.

WHEREAS the Vendor has agreed with the Purchaser for the absolute sale to him of the property hereinafter described, at the price of Rs. . Now this deed witnesses, that in pursuance of the said agreement dated... and in consideration of the sum of Rupees paid by the Purchaser to the Vendor (the receipt whereof the Vendor hereby acknowledges), the said Mr....as beneficial owner, does hereby convey to the said.....Bank Ltd., free from incumbrances, ALL THAT dwelling house with compound, out-houses, garden, garage and appurtenances belonging thereto, commonly called or known by the name of , etc., and bounded on the north by etc., {boundaries on all sides} containing by admeasurement Bigha...Chatak etc. approximately, which dwelling house and premises, now (or late) in the occupation of, etc., as monthly (or yearly) tenant thereof, are more particularly delineated and coloured red in the map or plan hereto annexed : TOGETHER WITH all buildings, trees, fences, hedges, ditches, ways, waters, watercourses, liberties, privileges, easements, and appurtenances whatsoever to the said dwelling house and premises belonging or in any way appertaining or usually held or occupied therewith or reputed to belong or be appurtenant thereto. AND All the estate, right, title, interest, claim and demand whatsoever of the Vendor in or to the property hereby

conveyed and every part thereof to hold the same to the Purchaser, his heirs, administrators or assigns absolutely.

The Vendor hereby agrees to deliver to the Purchaser all deeds, evidence and writings now in his possession and custody relating to the title of the Vendor to the property hereby conveyed. And the Vendor and all persons claiming under him do hereby further agree with the Purchaser, his heirs, administrator or assigns, at all times hereafter and upon any reasonable request and at the cost of the Purchaser his heirs, administrators or assigns, to do and execute, or cause to be done and executed, all such lawful acts, deeds and things whatsoever for further and more perfectly conveying and assuring the said property and every part thereof to the Purchaser, his heirs, administrators or assigns, and placing him or them in possession of the same according to the true intent and meaning of this deed. And the Vendor does also hereby for himself, his heirs, administrators or assigns, agree to save harmless and keep indemnified the Purchaser his heirs, administrators or assigns, from and against all losses, damages, costs or expenses which he or they may sustain or incur by reason of any claim being made by any body whomsoever to the said property, or in respect of any arrears of rates due thereof.

AND the Vendor does hereby further agree with the purchaser his heirs, administrators or assigns, and declare that he has not done or been party to any act whereby the said property is or may be under any charge in title, claim, estate or otherwise howsoever, or whereby

the Vendor is prevented from conveying or assigning the said property or any part thereof in the manner herein appearing by virtue of this deed.

In witness, etc.

Vendor's Signature

Witness :—

Form No. 54

Agreement for Letter of Credit.

Without recourse to Shippers.

LETTER OF AGREEMENT NO.....

Date.....

To

THE MUTUAL BANK LTD.

I/We hereby authorise and request you and/or your Agents and/or Representatives at *New York* to open a confirmed and irrevocable bank credit in favour of..... *Limited of New York*. And to make payments thereunder on my/our behalf on or before the (put here the date) in any such sum or sums as requested but not exceeding in the aggregate \$, *U. S.* Currency against documents purporting to be Invoice, Shipping Specifications, Bills of Lading and Policies and/or Certificates of Insurance covering Marine and War Risks representing a shipment or shipments of electrical goods within.....

You and/or your agents and/or representatives are not to be responsible in any way for the genuineness, regularity or accuracy of such documents if apparently in order.

In consideration of such payment or payments being made at my/our request I/we agree to reimburse you immediately on your application the amount of such payment or payments together with all charges including interest at the rate of.... % per annum from the date of the payment or payments until the approximate date of the arrival of the return remittance at its destination (this rate being that agreed upon by the Bank in London for advances against shipments, and being subject to alteration from time to time without notice to me/us), also commission at the rate of plus the commission of your correspondents if any. The Invoices, Bills of Lading and Insurance Policies as above-mentioned shall be held by you by way of security for the said reimbursement. And I/we undertake to deposit with you from time to time further collateral security as and when you may require and in the event any time or times of the depreciation of the market price of any of the securities aforesaid, I/we undertake to provide you with additional security to your satisfaction. Provided nevertheless that you shall be at liberty at your discretion at any time and without making previous application for reimbursement to sell or cause to be sold any merchandise the subject of such documents and/or any of the securities aforesaid in such manner and at such times and places as you shall think fit and either by public auction or private treaty at your option and to

apply the net proceeds (after deducting freight and insurance premium if paid by you and all charges together with the usual Merchants' Commission to which you are entitled) towards reimbursement of such payment or payments as aforesaid and I/we hereby agree on demand to pay to you the amount of any deficiency accepting your account current as conclusive evidence of the amount due by me/us to you. The word "proceeds" is to be understood to include any amount recoverable or recovered under any insurance policies. If such insurance money be received by me/us it shall be held by me/us in trust on your behalf and paid to you on demand.

It is agreed that my/our liability hereunder is not to be affected in any manner whatsoever by, and you are not to be responsible for, any loss or damage which may happen to any such merchandise during its transit and/or after its arrival, and/or any deficiency in the quality, quantity, weight or value thereof, and/or the stoppage or detention thereof by the shipper or any other person whomsoever.

It is further agreed that this Agreement cannot be either revoked or altered in any way except in writing with your express consent.

and I/we further declare that this Agreement shall not be affected by my death/out or any of our deaths but shall remain in full force and effect and shall continue to be binding notwithstanding any changes which may from time to time take place by death or otherwise howsoever in the partners or constitution of my/our firm and/or company and that this Agreement does not

supersede but is in addition to any Letter of Hypothecation already signed or which may hereafter be signed by me/us in your favour.

This Agreement is made upon the express condition that you are to have no recourse against the shippers in respect of payments made hereunder.

It is understood that this Agreement and all questions arising thereunder are to be construed according to English Law.

(Signature of the party)

Form No. 55
Confirmed Letter of Credit.
THE MUTUAL BANK LTD.

Registered office.....

Date.....

To

N. S. Company
 (Correspondents)
 New York.

Confirmed CREDIT No. 507

Dear Sirs,

At the request of Messrs.....of..... we shall be glad if you will advise Messrs. Eastern Electricals Inc., New York that we establish in their favour a Confirmed Credit on account of Messrs.....of Calcutta to the extent in all of \$1800 Thirteen

hundred Dollars. U. S. Currency for invoice value of Electrical goods shipped to Calcutta from New York available by negotiation by you to the extent stated in their Bills at 90 days sight, drawn on them (Messrs.....) without recourse to drawer, accompanied by the following documents covering the above mentioned merchandise :—

Signed Invoices, Complete set of "clean" Bills of Lading "to order" blank endorsed, and marked Freight paid, Marine Insurance Policy or Certificate covering War Risk.

**Special
Instructions.**

- (1) Transhipment Bills of Lading be accepted provided Insurance covers risks consequent upon transhipment.
- (2) Partial shipments may be allowed.
- (3) Insurance should cover 25% above C. I. F. value.
- (4) Shipment within.....(State the period).

This credit is available for negotiation to the Bills by you on or before.....(mention the time).

To reimburse yourselves for payments made under this credit please debit our account with yourselves and all communications and Bills must be marked. "The Mutual Bank Limited, Calcutta, Credit No. 507"

Yours faithfully,
Agent

Form No. 56
Advice of Letter of Credit.

(Opened without guarantee)

N. S. Company, of New York

To Eastern Electricals Inc. New York.	Dated, New York.....194 In replying please mention. OUR REFERENCE No.
---	---

Dear Sir,

We are instructed by cable from The Mutual Bank Ltd. of Calcutta, India, to inform you that they have established their Confirmed Letter of Credit No. 507 in your favour for account of Messrs.Calcutta, India, for U. S. \$1300 (Thirteen hundred U. S. Dollars) available upon presentation at our Office of the following documents.

Your drafts without recourse to you, at sight on Messrs..... of Calcutta, in first and second of exchange, payable to Mutual Bank Ltd.

Commercial Invoices signed describing merchandise as indicated below, and containing your statement that goods shipped hereunder are of U. S. A. Origin.

Marine Insurance Policy or Underwriters Certificates including war risk.

Full set of clean ocean steamer Bills of Lading made out to the order of The Mutual Bank Ltd. marked "Freight prepaid" evidencing shipment of Electrical goods within(date) cost of insurance and freight Calcutta or any Indian port.

Shipment must be made by approved ship in accordance with Bank of England notice F. E. 108

This credit is available for payments of goods of U S. A. origin only.

Credit may be modified if U S A regulations require Bills of lading undated and without name of carrying vessels

All drafts drawn under and in compliance with the terms stated herein must be presented at our office at New York, N Y, on or before.....(date) Drafts must indicate that they are drawn under confirmed letter of credit No. 507 of The Mutual Bank Ltd. Calcutta, India.

Unless otherwise expressly stated, this advice is subject to the uniform customs and practice for Commercial Documentary Credits fixed by the Seventh Congress of the International Chamber of Commerce and certain guiding provisions

This letter is solely an advice and conveys no engagement by us.

Yours faithfully.

Authorised Signature

Authorised Signature

N. B.—Whenever possible, the documents should be presented in time to be forwarded on the steamer carrying the merchandise. If the terms hereof are incorrect or unsatisfactory, please communicate immediately with your customers abroad and request that they have our correspondent sent to us with amended instructions. If the terms hereof are incorrect, please advise us by cable at once.

Form No. 57**Advice of Letter of Credit.**

(Opened with guarantee)

N. S. Company

New York

To

Eastern Electricals Inc.

New York.

New York

EXPORT CREDIT NO. 2507

Date.194

Use this number on all communication

Dear Sirs,

In accordance with cable instructions received from The Mutual Bank Ltd, Calcutta, India, their credit No. 507 we have established our irrevocable credit in your favour for account of Messrs..... of Calcutta for \$ 1300 (Thirteen hundred U. S. Dollars) available by your drafts at sight on Messrs of Calcutta, without recourse to you in first and second of exchange payable to The Mutual Bank Ltd. accompanied by documents of a character which must meet with our approval, consisting of :

Commercial invoices signed describing merchandise as indicated below :

Full set of clean ocean steamer Bills of Lading made out to the order of The Mutual Bank Ltd, dated not later than..... evidencing shipment of electrical goods f. o. b. New York shipment within.....

Partial shipments are permitted.

This credit is available for payments of goods of U. S. A. origin only and we will require commercial invoice to contain your statement to this effect.

Drafts are to be marked "drawn under The Mutual Bank Ltd. credit 507."

Unless otherwise expressly stated, this credit is subject to the Uniform Customs and Practice for Commercial Documentary Credits fixed by the Seventh Congress of the International Chamber of Commerce and certain guiding provisions.

This credit expires in New York, on.....
.....(mention the date here)

Yours faithfully,

Authorised Signature

Authorised Signature

N. B.—Whenever possible, the documents should be presented in time to be forward on the steamer carrying the merchandise. If the terms hereof are incorrect or unsatisfactory please communicate immediately with your customers abroad and request that they have our correspondent sent to us amended instructions.

If the terms hereof are incorrect, please advise us by cable atonce.

Form No. 58
FORM OF TRUST RECEIPT.
(Stamp Rupee one)

To

Date.....

THE MUTUAL BANK LTD.
.....Office

Dear Sir,

In consideration of Bank's handing to me/us shipping documents for goods, as per particulars at foot, hypo-

thecated to you., (Hereinafter referred to as the Bank), as collateral security for the 'due payment' of the under-mentioned drafts drawn upon your office.....inby.....
 ... for.....and of your having at my/our request not now insisted upon payment of the said Bill in strict accordance with the terms thereof, I/we hereby engage to land store and hold, the said goods as Trustee for and on behalf of the Bank, and the proceeds of such sales shall be received by me/us as Trustee for the Bank, and paid to the Bank when and as received. I/We at the same time specially advising the Bank of the account on which such payment is made.

I/We undertake not to handle the goods in any manner detrimental to their commercial value, but to keep them in fit and proper condition until the entire amount due from us to you is paid, as stated above.

I/We undertake not to sell the goods, unless with your previous consent in writing, or to make any other disposition whatever of the said goods or any part thereof, (or the proceeds thereof), either by way of conditional sale, pledge or otherwise.

I/We agree to keep the said goods fully insured, against fire, (the insured amount to be payable in case of loss to **MUTUAL BANK LIMITED**,) with the understanding that the Bank is not to be chargeable with the storage, premium of insurance or any other expenses incurred on the said goods. **THE MUTUAL BANK LIMITED**. may at any time cancel this trust and take possession of the said goods or of the proceeds of the same as may then have been sold, wherever the said goods or proceeds may then be found

and nothing in these presents shall notwithstanding anything to the contrary herein contained prejudice derogate from or otherwise affect, the Bank's rights under all security documents signed by me/us and the Bank's rights of realisation under the said documents.

PARTICULARS OF DRAFTS & GOODS.

Amount of Bill Rs. As.P.	Amount of draft.	Due	Description of Goods	Marks & Nos.	Vessel.

Yours faithfully,

Dated ... Signed ...

Form No. 59

Account Opening Form for Individual Account.

THE MANAGER,

.....BANK LIMITED.

.....

DEAR SIR,

Please open a Current/Savings Account in my name in the Books of the Bank. I agree to comply with, and be bound by the Bank's rules for the time being, for the conduct of such accounts.

Kindly supply me with a pass-book and a cheque book.

Full name.....

Occupation.....

Signature

Addrees

Initials of

Manager or Accountant

Introduced by.....

Form No. 60

Authority to allow another person to operate a customer's a/c.

The

Bank Ltd.

Dear Sir,

I hereby authorise Mr. whose specimen signature is given below to sign and/or endorse cheques on my behalf and to operate on my account whether the same be in debit or in credit. This authority shall continue until cancelled by me in writing.

Signature of depositor.

Mr. will sign as :

... .. Signature of the operator.

The Signature of

Mr. as above is attested
Depositor.

APPENDIX

Form No. 61 Proprietary a/c for two or more persons.

The Manager,

The Mutual Bank Limited.

... ..

Dear Sir,

We the undersigned
... .. hereby request
you to open an account for us to be called ... and
until receipt of a written notice to the contrary, to debit
such account with all cheques purporting to be drawn
thereon provided they are signed by any of us and
we declare ourselves jointly and severally liable on all
such cheques whether the account be in credit or in debit
and that in the event of the death, insolvency or with-
drawal of any of us, the survivor or survivors of us shall
have full control of all moneys then and thereafter
standing at the credit of such account and shall be
responsible for all debit balances in the account.

We agree to comply with and be bound by the Bank's
rules.

	Signatures
Mr.	will sign
Mr.	will sign

Form No. 62
Account Opening form for
Limited Companies.

Initials of Manager or Sub-Manager.

.....19.....

THE MANAGER,
 THE MUTUAL BANK LTD.

Sir,

We beg to inform you that at a Meeting of Directors of the.....
Company Limited, held at.....on the.....day of.....19....., it was resolved :—

“That the Branch of the Mutual Bank, Limited, be and are hereby authorised and requested to pay all Cheques purporting to be drawn on behalf of the Company, and to debit the same to the account kept with them by the said Company, whether such account be in credit or otherwise ; provided the said Cheques are signed by..... Directors for the time being of the said Company, and countersigned by the Agents for the time being of the said Company ; that a list of the names and specimen signatures of the persons at present authorised to sign under this resolution be furnished to the said Branch of the Bank, and that they be advised in writing of all changes which may take place in the same from time to time; that a copy of this resolution be furnished to the said Branch of the Bank, and that it remain

in force until the receipt by the said Branch of the Bank of a copy of a resolution to be passed by the said Company rescinding the same"

On behalf of the Company we agree to comply with and be bound by the Bank's rules for the conduct of such accounts.

Chairman.

Secretary.

Dated.....19

Form No. 63
Authority to open current account
for society or club.

.....**BANK LTD.**

To The Manager

MUTUAL BANK LTD.

.....office

1. Committee or other Governing body.

2 Full name of the Club Society or Association.

3 Club Society or Association

4 Here insert smallest number allowed to sign.

Copies of Resolutions passed by the¹
... .. of the² at
their meeting held on the ... day
of . . . 19 .

(1) "That the Bank be
and are hereby appointed Bankers to
the³"

(2) That all cheques on the Bank-
ing account be signed and all bills, notes,
and other negotiable instruments be
drawn accepted, and made on behalf of
the³ ... by ... or any⁴ ... or
more of them."

(3) "That cheques, bills, notes and other negotiable instruments payable to the³ ... may be endorsed for the³ ... by any one or more of the persons mentioned in the Resolution No. 2 or by the Secretary of the³ ... for the time being."

(4) "That a copy of these Resolutions, signed by the Chairman, be handed to the Bank, together with specimens of the necessary signatures."

I certify that the Resolutions, of which the above are copies, were duly passed at a meeting of the held on the ... day of ... 19 .

AS WITNESS the signature of myself as Chairman of the said meeting, this ... day of 19 .

Chairman.

Countersigned.

Secretary.

The following are the signatures of persons mentioned in the above Resolutions:

Names in full

Signatures.

Account opened & Signatures verified by me.

Agent

Accountant,

Form No. 64
Partnership Declaration Form

Dated.....19 ..

THE

BANK LTD.

Dear Sir,

As the firm of _____
have dealings with your Bank, we beg to inform that we
the undersigned are the partners in the said firm. We
are jointly and severally responsible to the Bank for
the liabilities of the firm with the Bank. The Bank
may recover its claims from the estate of any or all of
the partners of the said firm.

Whenever any change occurs in our partnership, we
undertake to inform the Bank of the same in writing
and our individual responsibility to the Bank will
continue until we receive from the Bank an acknowledg-
ment of that letter and until all our liabilities with
the Bank are discharged.

Yours faithfully,

*To be signed here
by each partner
of the firm.*

}

Form No. 65
Account-opening Form and Authority
for Trust Accounts.

The Manager,

.... Bank Limited.

Dear Sir,

Please open a current account in your bank in the name of ... The account will be operated upon by ... of the trustees, who have been authorised by the Trust Deed dated, ... registered on ...

A copy of the said Trust Deed duly certified is inclosed. In future, if any change is made in the names of the operators of the account, it will be effected by a resolution of the Board of Trustees and you will be informed accordingly in writing by all the trustees and you will allow such persons to operate upon the account.

We agree to comply with and be bound by the Bank's rules for the time being in force.

Names in full,
 Occupation and addresses
 Introduced by ...

Yours faithfully,

Signature

Specimen Signature :

Initials of Manager
 or Accountant.

....

 "All", "Either", "Any one", "Any two" or as the case may be.

(Alterations must be initialed by the Signatories)

Form No 66

Safe custody Receipt

(Counterfoil)

THE ... BANK LIMITED

Safe Custody Deposit Receipt.

No.

Received from of for
safe deposit (Box or Envelope) marked and
sealed by the depositor himself. The contents of the
box (or envelope) are unknown

For THE

BANK LTD.

Agent,

..... Branch

N B.—The Bank will make charge of Rs.
per year or a minimum sum of Rs. if the article
is taken delivery of before a period of six months has
expired from the date of depositing the article

The article described above will on no account be
delivered up unless this receipt is returned to the Bank
duly discharged on the reverse as per specimen of
signature supplied to the Bank by the depositor

The Bank accepts no responsibility in the matter
beyond taking the usual and ordinary precautions for
the safety of the articles in question, which cannot be
inspected or dealt with in any way by the depositor
prior to withdrawal.

I agree to the above terms.

Signature of the Depositor.

(To be delivered to the depositor)

THE ... BANK LIMITED

Safe Custody Deposit Receipt

No.

Received from of for
safe deposit (Box or Envelope) marked and
sealed by the depositor himself, the contents of the
box (or envelope) are unknown.

For THE

BANK LTD.

Agent

N. B.—The Bank will make a charge of Rs.
per year or a minimum sum of Rs. if the
article is taken delivery of before a period of six months
has expired from the date of depositing the article.

The article described above will on no account be
delivered up unless this receipt is returned to the Bank
duly discharged on the reverse as per specimen of
signature supplied to the Bank by the depositor.

The Bank accepts no responsibility in the matter
beyond taking the usual and ordinary precautions for
the safety of the articles in question, which cannot be
inspected or dealt with in any way by the depositor
prior to withdrawal.

Form 67
Form of Storage Receipt.
THE MUTUAL BANK LIMITED

Calcutta,

No..... The ... 19 ...

Received from Mr/Messrs. ... of ... the following ... said to contain ... and marked (subject to delivery from time to time as noted below): for storage at owners risk subject to the terms and conditions of this Receipt.

Storage @ ... per package/piece/weight/area per month.

Insurance, Fire and Burglary @ ... % per month on the declared value Rs.

Received the above The ... Bank Ltd., specified packages.

Godown Clerk Officer-in-charge. Manager.

**Conditions upon which articles described below
are accepted in Godown.**

1. Godowns open on Saturdays from 10-30 A. M. to 12 P. M. Other days 10-30 A. M. to 3 P. M. (Sundays and Holidays excepted)

2. Rent commences as soon as the goods are received on the Company's premises. Period not exceeding 15 days will be charged as half month, over 15 days upto one month as a full month. The minimum charge will be as a half month.

3. All expenses for storage must be paid on demand.

4. The Company will not under any circumstances be responsible for the contents or condition of the contents of any packages, nor for any damages caused

by white ants, moth or vermin neither will they be responsible for loss or damage from an act of God, civil commotion, invasion, war, explosion, fire, flood, damp, deterioration inherent vice, deficiency to articles of a perishable nature, or resulting from insufficient protection by packing. (Fire and other risks that can be covered by insurance will be so dealt with upon receipt of instruction).

5. All goods delivered to the Company will be received and held by them subject to a lien for money due to them for carriage and other charges upon such goods and also to a general lien for any other monies due to them either as Bankers, Agents, or Carriers from the owners of such goods upon any account.

6. If the rent or other charges due in respect of any goods shall be in arrear for a period longer than three months, the Company shall, after giving seven days' notice to the Owner at his last known place of abode, or in the event of no address being known seven days' notice by advertisement in a public news paper of their intention to proceed to sell, have full power to open and examine the whole of the goods, and to sell the same at public auction or private contract towards payment of the accrued charges. Provided however that in case any such goods shall happen to be of a perishable nature or unfit for keeping so long as three months, then and in every such instance, the several articles of that description shall and may be sold by auction or otherwise upon giving such notice to the parties interested therein, as the exigency, and circumstance of the case will admit of.

7. No goods of a dangerous or explosive nature will be received for ware-housing. If any such articles are sent, the Company may remove them at their discretion and may sell, destroy, or otherwise dispose of and they will not under any circumstances be liable for the loss of any such articles but the sender thereof will be held accountable for any damage, arising thereto or therefrom, whether to other goods or property of the Company or of any other person. Senders are subject to a penalty of Rs. 100/- unless the nature of the contents be declared distinctly marked on the outside of the packages containing the same.

8. The Company will deliver the packages, cases, goods and/or contents, etc, in full or by part according to the arrangement on presentation of the Receipt each time at the time of taking delivery, under proper discharge of *the Party* duly *Registered in the Company's books* as the owner of the packages, cases, containers and for goods or on surrender of a Delivery Order signed by the said party and the production by the Company of such Receipt or Delivery Order shall at all times be considered conclusive proof that the packages, cases, containers and/or goods have been properly delivered by the Company and shall exempt the Company from all responsibility in connection with the said pieces or goods.

Memo of Delivery

Date of Delivery	Quantity Delivered	Initial O/C.	Signature of the Party

Form No. 68
Godown-Keeper's Agreement

The Agent

.....Bank Ltd.

Dear Sir,

In consideration of your bank having appointed me as a Godown-Keeper at.....I have deposited Rs.....Rupees.....in cash to be held by the Bank for the good behaviour and for the faithful performance and discharge of my duties and responsibilities as the Godown-Keeper and I hereby agree ;

- (1) That I shall from time to time* and at all times during the continuance of my service with the Bank honestly, diligently and faithfully discharge my duties as godown-keeper.
- (2) That I shall be present at the time of receiving goods or delivery thereof to borrowers and shall handle, take charge and look after commodities and goods that may be accepted by Bank as security for advances or in its custody and on behalf of customers agents and correspondents.
- (3) That I shall be responsible for the correctness of the quantity and quality of the goods that may be pledged with the Bank as security for

advances in various spinning factories, mills godowns, warehouses etc.

- (4) That I shall be responsible for any deficit in the stocks placed in my charge and shall make good such losses as the Bank may incur due to my negligence or dishonesty and shall see that no unauthorised removals of stocks take place and that the statement of stocks received from Borrowers from time to time are correct and true
- (5) That I shall maintain accurate registers of merchandise or other indica of checking and submit daily reports of receipts of goods and deliveries against proper delivery orders duly signed by the Agent or Accountant for the time being of the Bank.
- (6) That I shall bring to the notice of the Bank any factor which may adversely affect or prejudice the Bank's security in respect of goods under my control and supervision.
- (7) That I shall be cautious and zealously safeguard the Bank's interest as far as may be reasonably possible as regards the quality and quantity of the stocks pledged with the Bank and to take all reasonable steps and precautions as far as practicable to guard against the chance of damage to the goods.
- (8) That I shall faithfully discharge all other duties as may devolve upon me as a godown-keeper.

- (9) In consideration of my carrying out the duties entrusted to me and faithfully performing and observing the Agreement on my part herein contained, the Bank shall pay me a monthly salary of Rs..... Rupees..... per month.

The aforesaid security deposited by me shall remain with the Bank as and by way of security for the good conduct and behaviour and for the faithful performance of the above duties and responsibilities as godown-keeper and for the protection and security of the Bank against any damages, losses, costs, charges and expenses arising in or occasioned by any act, neglect or default, for which I am responsible under the conditions of these presents and the said security may be appropriated by the Bank towards reimbursing or making good any such damages, losses, costs, charges, or expenses and if the same shall be insufficient for the purposes I shall personally make good the same to the full extent of deficiency.

.....19 .

Yours faithfully,

signed sealed and delivered
by the abovenamed

witness :

Form No. 69**Confidential Enquiry as to the Status of a Customer.**

THE.....BANK LTD.

No.....

Date.....19 .

To

.....

.....

Dear Sir,

We shall be much obliged if you will favour us with an opinion as to the means, standing, and respectability of the undermentioned.

Any information you may favour us with will be treated as strictly private and confidential.

Name.....*Designation*.....*Address*.....

Yours faithfully,

.....

Manager.

Form No. 70**Form of Reply to a Confidential Enquiry.***Private and Confidential.*

.....BANK LTD.

No.....

.....

.....

To

.....

.....

.....

Dear Sir,

As desired by you in your letter of the....., the enclosed report is being communicated to you in the strictest confidence and without responsibility or guarantee on the part of this bank or any of its officers.

This letter is sent on the condition that the name of this bank will not be disclosed in the event of our report being passed on by you.

Yours faithfully,

.....

Manager.

Form No. 71 **Cheques Return Memo.**

Cheque No.....

Returned for Reason No.....

-
1. Effects not yet cleared, (please present again).
 2. Not arranged for.
 3. Payee's endorsement required.
 4. Payee's endorsement irregular.
 5. Payee's endorsement illegible.
 6. Refer to Drawer.
 7. Drawer's signature differs from specimen filed in this office.
 8. Endorsement requires Bank's guarantee.
 9. Alteration requires drawer's signature in full.
 10. Cheque is post-dated.
 11. Cheque is out of date.
 12. Exceeds arrangement.
 13. Amount in words and figures differs.
 14. Crossed cheque must be presented through a Bank.
 15. No advice.
 16. Payment stopped by the Drawer.
 17. Full cover not received.
 18. Vernacular endorsement requires confirmation.
 19. Mutilation.
 20. Payment countermanded by Telegram
Telephone and postponed pending confirmation.
 21.

.....Bank Ltd., }
 }
 Dated.....19 . }

Agent
Chief Accountant.

Form No. 72

Form of Pay order

.....194

No.

Bank Ltd.

Bank Ltd.

CLIVE STREET, CALCUTTA

Date.....

To.....

Amount.....

.....

Name.....

Please present this order

.....

duly signed and receive the

.....

sum of Rs.....

Account.....

.....

as annexed

.....

RS......

For

Bank Ltd.

RS......

Accountant Mg Director

Ent.....

Accountant Mg Director

Folio.....

Date.....

Pay to ^{me}_{us} the sum of Rupees.....

.....

.....

.....

.....

This Order is to be signed by the Payee on the above line and endorsed on the back Current for three months only

Form 73

Application for Shares.

(When deposit money is paid direct to the Company.)

To the Directors of _____ Limited.

Gentlemen

I hereby request you to allot to me _____ Shares of Rs. _____ each in the above-named Company; and I agree to accept such Shares or any smaller number you may allot to me, subject to the provisions of the Memorandum and Articles of Association. I send herewith the sum of Rs. _____ by cheque/postal money order being a deposit of Rs. _____ per Share, and I agree to pay the balance as and when it may be called up, and I authorise you to place my name on the Register of Members in respect of the Shares so allotted.

Usual Signature.

Name in full.

Address.

Occupation.

Dated the _____ of _____ 19____

Form No. 74

Receipt for Amount paid on application.

(To be retained by the Application).

Received this _____ day of _____ 19____ from Mr. _____
 the sum of _____ Rupees being a
 deposit of Rs. _____ per Share payable on Application
 for shares of Rs. _____ each in the above-named Company.
 For _____

Rs. _____

.....
 Secretary

Form 75

Allotment Letter

<i>Ref. No.</i>	<i>Date of Allotment</i>	
<i>Share No.</i>	19 .
...
...

Dear Sir/Madam,

Persuant to your application dated 19 .
for shares of Rs. each of the

Bank Ltd, this is to inform you that shares have been allotted to you upon terms of the Memorandum and the Articles of Association of the said Co. and of your letter of application.

You are requested to remit an amount of Rs. only, being the amount of Rs. per share payable on allotment which should reach this Office on or before ... at the latest.

The share certificate will be sent as and when asked for, in exchange for this allotment letter duly endorsed, accompanied by all receipts of amount paid.

Yours faithfully,

Accountant,

Secretary.

N. B.—Please always quote Registered No. while remitting money.

Form No. 76

Letter of regret.

Limited,
19 .

Sir (or Madam),

With reference to your application for shares in the above-named Company, I regret to say that owing to

Form No. 78
Form of Notice for calls on shares

Ref. No.....19 .

To

Mr/Mrs... ..

.....

Dear Sir/Madam, Re :—Shares Nos.....to.....

We beg to give you notice that the ...
 Call of Rs. ... per share has been made by the Board
 of Directors in their meeting held on... ..

You are requested to remit Rs.....being the amount
 payable on yourshares (along with the arrear
 amount of Rs. ...) on or before the ...
 to the Company's Head Office at

Should you desire to pay Rs. ... on account of the
 next ... calls in advance, the Company
 will be prepared to accept the same as advance payment
 on calls and pay interest on the same at ... p. a.
 until adjusted against calls when made.

Yours faithfully,

Accountant.

Secretary.

N. B.—Out of the advance Deposit of Rs. ... made by
 you on account of call money, the sum of Rs. ... has been
 credited towards your dues for the above call.

Form No. 79**Notice before forfeiture for non-payment
of Call Money.**

... .. Limited

Dated 19

Dear Sir,

In my Letter dated I gave you notice that at a meeting of the Directors held on a Call of Rs. was made on your Shares in the above-named Company.

I am now instructed to inform you that the Directors ask you to pay the said sum of Rs. ... on or before day of 19 together with interest thereon at the rate of per cent. per annum from the day of.....19 payment, and that in the event of non-payment of the said call and interest on or before day 19 at the Shares respect of which such call was made will be liable to be forfeited.

To Esq.

Yours faithfully,

Secretary.

Form No. 80

Notice that Share Certificate is ready.

Limited.
Dated, 19

Sir,

I am to inform you that the Certificates for ordinary/preference shares in this Company will be ready on or after , 19 and will be delivered to you or your authorised agent between the hours of twelve to three in exchange for allotment letters and banker's receipts. You may authorise me to send the Certificate to you by post at your risk.

Yours etc. .
Secretary.

To

Mr/Mrs.

Form No. 81

<p>No.</p> <p>For</p> <p>numbered</p> <p>Issued to</p> <p>of</p> <p>Dated</p> <p>Entered in register of members</p> <p>Folio</p> <p>Received the above-mentioned Certificate</p> <p>on</p>	<p>CERTIFICATE</p> <p>ORDINARY SHARES</p> <p>to</p> <p>19</p> <p>MEMBER</p>	<p>No.</p> <p>SHARE CERTIFICATE</p> <p>... .. Limited.</p> <p>This is to certify that of</p> <p>is the Registered holder of ordinary</p> <p>Shares of Rupees each numbered</p> <p>to inclusive in the above-</p> <p>named Company subject to the Memo-</p> <p>randum & the Articles of Association</p> <p>thereof there has been paid in respect</p> <p>of each of such Shares the sum of</p> <p>Rupees. Given under the Common</p> <p>Seal of the said Company the</p> <p>day of 19 .</p> <p>B N.—No transfer of any of the above-named</p> <p>Shares will be registered without production of</p> <p>this certificate.</p>
--	---	--

Form No. 82
Dividend Notice and warrant.

No.

Limited

... .. 19

Sir,

Pursuant to the Resolution passed at the Board Meeting held on the I have the pleasure to forward to you a Dividend Warrant being Dividend at the rate of per cent per Share) for the Year ended the last, payable on and after the

Dividend on	Shares.	Rs.	As.	P.
of each				
Less income tax at	in the rupee			

.....

.....

I hereby certify that the amount stated herein has been deducted for Income Tax, and will be duly paid by me to the Government of India.

Your obedient servant,
 Secretary.

This half sheet is to be retained by you. The Warrant require your signature at foot.

Form No. 83**Warrant for Dividend for the Year ended**

No.

To

Bank Limited.

Pay to the Order of
the sum of

Rs.

)

)

)

)

Directors.

Payee's Signature

)

)

)

)

Secretary.

...

This Draft must be signed by the payee and presented
within two months from date.

Form No. 84
Dividend Warrant with Income Tax Certificate.

.....Limited.

.....Registered office,

Dated.....19

Warrant for Rs, (Rupees), being
 dividend at the rate of Rs. (Rupees) per
 share for the year/half year the period from to
 during the year ending on the day of 19 ,
 free of income-tax on Shares in this Company,
 resistered during the said period on (date) in the
 name of . This dividend was declared at the
 ordinary general meeting held on the day of 19

I/We hereby certify that income-tax on the entire/such
 part as is liable to be charged to Indian Income Tax of the
 profits and gains of the Company, of which this dividend
 forms a part, has been, or will be, duly paid by me/us to
 the Government of India.

Signature

Office.

(To be signed by the claimant).

I hereby certify that the dividend above mentioned
 relates to shares which were my own property at the time
 when the dividend was declared during the period from
 to on (date) and were in my possession

Signature

Date.

Form No. 85**Notice of an Extra-ordinary General Meeting
for passing an Extra-ordinary Resolution.**

.....Limited.

Registered Office.

Dated.....19

To.....

of.....

Notice is hereby given that an Extra-ordinary General Meeting of the above-named Company will be held at the registered office of the Company on the day 19 at O'clock in the noon when the under-mentioned resolution will be proposed as an Extra-ordinary Resolution :—

"That.....

.....

.....

By order of the Board.

Secretary.

Form No. 86**Form of Proxy**

I of , being a member of the above-named Company hereby appoint as my Proxy, to vote for me and on my behalf at the* General Meeting of the Company to be held on the day of 19 , and at any adjournment thereof

Signed this day of 19 .

* Signature on Stamp of 2 annas.

Witness to the above Signature.

* Ordinary or Extra-ordinary as the case may be.

Form No. 87
Form of Special Resolution,

.....Limited.

At an Extra-ordinary General Meeting of the above-named Company, duly convened, and held at on the
day of 19 , the following Special Resolutions
was/were duly passed :—

Resolved—That.

Form No. 88
Filing a Special Resolutions with the
Registrar of Companies.

Presented for filing by

.....Limited.

At an Extra-ordinary General Meeting of the above-named Company, duly convened and held at on the
day of 19 the following Special Resolution was
duly passed :—

(Here set out the Resolution as passed).

Chairman.

Form No. 89
Declaration for Lost or Destroyed share
Certificate

I, AB, of.....do solemnly and sincerely declare that I am the registered proprietor of..... shares numbered.....to.....inclusive in the.....Bank Ltd., that the certificate for the said shares is lost, mislaid or destroyed, that I have made, and caused to be made diligent search but have been unable to find the same; I further declare that I have not sold, pledged or in any other way disposed of the said shares and I hereby request the said Bank to issue me another certificate to replace the Certificate so mislaid, lost or destroyed.

I make this solemn declaration conscientiously believing the same to be true.

(Signature of shareholder).

Form No. 90
Lost share Certificate—Indemnity

Whereas the.....Bank Ltd., has delivered to X of.....hereinafter called applicant, share Certificate No.....for.....shares numberedto.....inclusive in the said Bank, of which he is the proprietor, and the applicant has represented to the Company that the said Certificate has

been mislaid, lost or destroyed and has applied to the Company to give him another Certificate, which the Company has consented to do upon having the Indemnity hereinafter contained, in which Y of.....has agreed to join.

Now therefore the said X and Y do hereby jointly and severally agree to save harmless and keep indemnified the Company from and against all claims and demands in respect of the said original Certificate, and from and against all losses, damages, costs, charges and expenses which the Company may sustain, incur or be liable to, for or in consequence of any such claims or demands or of their having given to the said X a second Certificate as aforesaid.

In witness whereof the said X and Y have subscribed their names, this.....day of.....19 .

Form No. 91

Lost Share Certificate : Form of Advertisement

Notice having been given to the Company that the Certificate No.....for.....shares numberedto.....*.....in the.....Bank Ltd., registered in the name of Mr.....has been lost, a duplicate share Certificate will be issued unless valid objection is lodged within one month from the date hereof by any one claiming title to the said shares.

General Manager

Form No. 92
Return of Half-yearly Position of Accounts.

Schedule III

Form "G"

(Section 136 of I. C. Act)

Form of Statement to be published by Banking and Insurance Companies and Deposit, Provident, or Benefit Societies.

The share capital of the company is Rs.
 divided into _____ shares of Rs. _____ each.

The number of shares issued is Rs. _____ Calls
 to the amount of Rs. _____ per share have been
 made under which the sum of Rs. _____ has been
 received. _____

The liabilities of the company on the thirty-first day of December (or thirtieth of June) were :—

Debts owing to sundry persons by the Company :

Under decree, Rs.

On mortgages or bonds, Rs.

On notes, bills or hundis Rs.

On other contracts, Rs.

On estimated liabilities, Rs.

The assets of the Company on that day were ;

Government securities (Stating them) Rs.

Bill of exchange, hundis and promissory notes, Rs.

Cash at the Banks, Rs.

Other securities, Rs.

Form No. 93

Particulars of Directors, Managers and Managing Agents and of any changes therein.

The Indian Companies Act, 1913.

(See section 87)

Name of Company

Filing Fee Rs. 3

Presented by

Particulars of the Directors, Managers and Managing Agents of Company and of any changes therein.

The present Christian Name or Names and Surname (a) (d)	Any former Christian Names or Surname.	Nationality	Nationality of origin (if other than the present nationality)	Usual Residential Address.	Other Business occupation or Directorships if any. If none state so(b)	Changes (c)
---	--	-------------	---	----------------------------	--	-------------

Signature

(State whether Director, Manager or Managing Agent (s).)

Dated the day of 19 .

- (a) In the case of a Corporation its corporate name and registered or principal office should be shown.
 (b) In the case of an individual who has no business occupation but holds any other directorship or directorships, particulars of that directorship or some of those directorships must be entered.
 (c) A complete list of the Directors, Auditors, Managers and Managing Agents shown as existing in the last particulars delivered should always be given. A note of the changes since the last list should be made in this column e.g. by placing against a new director's name the words "in place of" and writing against any former director's name the words "dead" "resigned" or as the case may be.
 (d) In the case of a firm the full name, address nationality of each partner, and the date on which each became a partner.

Notes :—The word 'Auditor' is not mentioned in the Section 87 of the Act as amended.

Form No. 94

Form of Registration of Charges

The Indian Companies Act, 1913

(See Section 109 & 277 D)

Filing Fee Rs. 3/-

Name of Company.....

Particulars to be filed with the Registrar pursuant to section 109 of a mortgage or charge created by the.....
.....and being :—

- (a) A mortgage or charge for the purpose of securing any issue of debentures ; or
- (b) A mortgage or charge on uncalled share capital of the company ; or
- (c) A mortgage or charge on any immovable property wherever situate, or any interest therein ; or
- (d) A mortgage or charge on any book debts of the company ; or
- (e) A mortgage or a charge not being a pledge on any movable property of the company except stock-in-trade ; or
- (f) A floating charge on the undertaking or property of the company ;

[Strike out sub-heads (a), (b), (c), (d), (e) or (f) which do not apply]

Presented for filing by.....

Form No. 95
Memorandum of Satisfaction of
Mortgage or Charge.

(S.121 of the Indian Companies Act, 1913),

Limited

To the Registrar of Companies.

The above-named Company hereby gives Notice that the (insert here "Mortgage" or "Charge", "Debenture" "Debenture Stock", as the case may be) dated the day of 19 and created by the Company for securing the sum of Rs. was satisfied to the extent of Rs. on the day of 19

In witness whereof the Common Seal of the Company was hereunto affixed the day of 19 , in the presence of

} Directors.

Common seal.

Secretary.

Form No. 96
Return of Income of Shareholders

To be filed with the Income Tax Officer by the
 15th June each year.

**Return Under Section 19A of The Indian Income
 Tax Act, 1922 For The Year 1st April, 19
 to 31st March, 19**

Name of Company.

Address of Company.

(1) Resident Shareholders/Non-Resident Shareholders

Serial No.	Name of Shareholder	Address of Shareholder	Date of declaration of	Amount of dividend	
				Net. 5	Gross 6
1	2	3	4		

I, the principal officer of the.....Bank Ltd. hereby certify that the above statement contains a complete list of the resident/non-resident shareholders of the company to whom a dividend or aggregate dividends exceeding *Rs. 5,000 was or were distributed in the period from the 1st April, 19 .. to 31st March, 19 ..

Signature.

Note 1. Separate forms should be used for resident and non-resident shareholders

Note 2. Where dividends are issued "Free of Income tax" the figure to be entered in column 5 is the sum actually paid and the figure to be entered in column 6 is the aggregate of the sum so paid and the amount of income-tax payable by the Company in respect of the dividends.

*The amount may vary from time to time according to the notifications of the Department.

Form No. 97

Return of Income of Depositors.

Section 20A of the Indian Income Tax Act provides as follows :—

The person responsible for paying any interest "not being interest on securities" shall, on or before the 15th day of June in each year, furnish to the prescribed officer a return in the prescribed form and verified in the prescribed manner, of the names and addresses of all persons to whom during the previous financial year he has paid interest or aggregate interest exceeding such amount not being less than *Rs. 400/- as may be prescribed in this behalf together with the amount paid to each such person.

According to the above provision a bank is to furnish the return showing the payment of interest made (not the interest accrued) to the depositors for sums of Rs. 400/- or more during the preceding financial year.

Return under Section 20A of the Indian Income Tax Act, 1922 for the financial year ... 19 to ... 19 .

Name of Payer
Address of Payer

Serial No.	Name of Payee	Address of Payee	Date of payment	Amount of interest or aggregate int.

I hereby certify : that the above statement contains a complete list of persons to whom interest or aggregate interest exceeding Rs. 400/- was paid during the financial year 1st April 19 to 31st March 19 .

Dated ... 19

Yours faithfully,
Managing Director,

*The amount may vary from time to time according to the notification of the Department.

Form 98**Form of Weekly Statutory Report.**

(Name of scheduled bank in print or block capitals.)

Statement of position at the close of business on Friday

the

....

...

...

- (i) Demand Liabilities— (a) in India
(b) in Burma
- (ii) Time Liabilities (a) in India
(b) in Burma

(iii) Cash

(1) Currency notes of the Government of India and Bank Notes—

- (a) in India
- (b) in Burma

(2) Burma Notes—

- (a) in India

• (3) Rupee Coin—

- (a) in India
- (b) in Burma

(4) Subsidiary Coin—

- (a) in India
- (b) in Burma

(iv) Balance with the Reserve Bank—

- (a) Principal Office
- (b) Other offices and branches

*If Friday is a Public holiday under the Negotiable Instruments Act, 1881, then the preceding day,

Form No. 100**Lost Fixed Deposit. Form of Declaration.**

I AB of.....do solemnly and sincerely declare that the Fixed Deposit Receipt No.....dated.....for Rs.....issued by.....office of the.....Bank Ltd. in my favour has been mislaid, lost or destroyed and that I had made and caused to be made diligent search but have been unable to find the same ; I further declare that I have not assigned or in any other way dealt with the said Fixed Deposit Receipt and I hereby request the bank to pay me the amount without production of the Deposit Receipt make the solemn declaration conscientiously believing the same to be true.

Signature of Depositor.

Form No. 101**Fixed Deposit Receipt-Indemnity.**

This deed of indemnity executed this..... day of.....by.....of.....hereinafter called the Depositor, in favour of the.....Bank Ltd., hereinafter called the bank witnesseth.

Whereas the Depositor had left with the bank a sum of Rs.....the deposit and by way of Fixed Deposit on.....and whereas the deposit matured for payment on the.....and the bank has agreed to pay the amount due in respect of the said deposit on the depositor surrendering to the bank the original Deposit Receipt and whereas the depositor has been unable to produce the

same, the same having been lost or mislaid and whereas the Depositor has represented to the bank that he has not in any way dealt with the Deposit Receipt or delivered the same to any other person and whereas the bank has agreed to make the payment to the depositor upon his undertaking to enter into covenants with the bank hereinafter contained.

Now this deed witnesseth that in pursuance of the agreement and for the consideration aforesaid, the Depositor hereby covenants with the bank and their successors in office that he the Depositor his heirs executors and administrators will at all times hereafter keep the bank and their successors in office and all persons claiming through or under them fully indemnified against all losses costs charges and expenses which the bank or any of them may suffer, by reason of the fact that the bank or they have not the custody of the missing original Deposit Receipt by any person or persons claiming thereunder.

Form No. 102

Form of Declaration for Lost Bank Drafts.

I, AB, of.....solemnly and sincerely declare that Demand Draft No.....dated.....
.....for Rs.....issued by.....
on.....has been mislaid, lost or destroyed, that I have made and caused to be made diligent search but have been unable to find the same
.....and that I have not negotiated or in any other way dealt with the said draft. I hereby request the bank to pay me the amount of the draft. I make this solemn declaration conscientiously believing this to be true.

Signature of depositor.

Form No. 103
Lost Bank draft—Indemnity.

This deed of Indemnity executed this.....day
of.....by.....Bank Ltd.
hereinafter called the "Obliger" in favour of.....
hereinafter called the bank witnesseth :—

Whereas the obliger obtained from.....a
draft for Rs.....bearing No.....and dated.....
upon.....and whereas the said draft by
mistake has been misplaced, lost or destroyed and the
obliger has not been able to produce it before the bank
for payment and whereas the obliger has represented
to the bank that he has not in any manner dealt with
the said draft or created rights thereon in favour of any
other person and that he is now fully and absolutely
entitled to the proceeds of the said draft and upon such
representations has requested the bank to excuse the
non-production of the original draft to pay the amount
due thereunder and the bank has agreed to pay the sum
of Rs.....upon the obliger agreeing to indemnify
the bank in respect of any action or claim that may be
preferred against the Bank by any person claiming a
right or title there to or an interest in the said draft and
upon the obliger entering into the covenants hereinafter
contained.

Now this indenture witnesseth that in pursuance
of the agreement and in consideration of the bank having
paid to the obliger the sum of Rs.....being the
amount of Draft No.....dated.....by the.....
office of the Bank on.....office, the obliger hereby
agrees to refund to the bank the amount of the draft

and hereby covenants with the bank that he the obliger, his successors and assigns will from time to time and at all times hereinafter save from harm and keep indemnified the bank and the assets and effects therefrom all actions, cause or causes of action, costs and charges, damages, expenses, and consequences with the bank or any of them may suffer by reason of the payment of the draft to the obliger.

Form No. 104

Lost or destroyed dividend warrant—Declaration

I, AB, of.....do solemnly and sincerely declare that the dividend warrant No.....datedfor Rs.....on.....shares in the.....Bank Ltd., standing in my name has been mislaid, lost or destroyed ; that I have made and caused to be made diligent search but have been unable to find the same ; and that I have not negotiated or in any other way dealt with the said Dividend warrant. I hereby request the bank to issue me another Dividend warrant to replace the warrant so mislaid, lost or destroyed.

I make this solemn declaration conscientiously believing the same to be true

(Signature of applicant)

Form 105**Lost Dividend warrant—Indemnity**

In consideration of the.....Bank Ltd., issuing me a duplicate warrant for the Dividend payable on theshares, numbered.....to..... in the bank, registered in my name, in lieu of the original warrant, which has been mislaid, lost or destroyed, I hereby agree to save harmless and keep indemnified the said bank from and against all claims and demands in respect of the said original warrant and from and against all losses, damages, costs, charges and expenses which they may sustain, incur or be liable to in the event of the said original warrant being paid or being forthcoming at any future time or otherwise, in consequence of the bank issuing to me a duplicate warrant as aforesaid.

Form No. 106**Indemnity-bond in favour of Bank.**

(Given by the heirs of deceased client)

THIS BOND is made the day of , between X, of, etc., (Principal debtor), of the first part, Y, of, etc., (surety), of the second part, and Bank Ltd of..... of the third part.

WHEREAS Z, deceased, at the time of his death had the following accounts with the said Bank, with the result that the amount of Rs. was due to him : AND WHEREAS the said X claims to be the sole heir of the said Late Z : NOW THIS DEED WITNESSES, that in

consideration of the payment of the said amount of Rupees by the said Bank to the said X (the receipt whereof the said X hereby acknowledges), the said X and Y jointly and severally bind themselves to pay the said amount of Rs. , with interest, loss, damages and costs of all kinds whatsoever to the said Bank in the event of any claim being made to the said amount of Rs. by any one else whomsoever.

FURTHER in consideration of the aforesaid payment to the said X by the said Bank, the said X and Y their heirs, executors and administrators, jointly and severally undertake to keep the said Bank, its agents, servants, etc., harmless and indemnified against all claims to the aforesaid amount of money.

In witness.

Signatures of

X.

Y. .

Form No. 107

Form of Bond of Indemnity when a Depositor dies Intestate leaving a Widow & a Minor Son.

Whereas (full name) son of
of District now deceased
had a current/savings/fixed deposit account with the
Branch of the Bank Limited, having its
registered office at viz, Account No. Folio.

Ledger No. (give details of accounts as the case may be) **And Whereas** the said died intestate on leaving as his heirs, wife Mrs. and a minor son

And Whereas the aforesaid widow for

herself and on behalf of her minor son the aforesaid as his natural guardian (the minor living under the care and protection of the mother) has applied to the Bank for withdrawal of the said deposit amount as heirs of the deceased

And Whereas the Bank was not willing to allow withdrawal of the said amount without production of a succession certificate **And Whereas** the taking of a succession certificate would entail cost, and trouble the brothers of the deceased

(1)	(2)	(3)
	(4)	and the wife of the

deceased the aforesaid Mrs. have requested the Bank to allow the withdrawal of the deposited amount without succession certificate on their undertaking that they would indemnify the Bank to the extent of the loss that may be suffered by the Bank on account of allowing the said withdrawal **And Whereas** the Bank at the request of the aforesaid persons and in consideration of their agreeing to indemnify the Bank in terms and conditions as appearing hereunder has agreed to allow the said withdrawal :

Now This Indemnity Bond Witnesseth and the persons named above and herein below do and each of them doth agree declare and covenant as follows :

	Namely, that we (1)	
(2)	(3)	(4)
all sons of	and brothers of Late	
	and I	wife of the deceased
	all of village	P. S.
P. O.	District	and at present

residing at do jointly and severally bind ourselves
 to the Bank Limited or to its assigns
 for the sum of Rs. to be paid by the said
 Bank to Mrs.....for herself and on behalf of her
 minor son.....as his natural guardian. We the afore-
 said persons also bind ourselves and each of us, in the
 whole, our and each of our heirs, executors or administra-
 tors jointly and severally by these presents for the said
 amount with interest damage and all costs, in case any
 claim is made for the aforesaid and by any body else.

Returns under Indian Income-Tax Act.

SECTION 19-A:— A return shall be furnished by the principal Officer of the Company under Section 19-A in respect of dividend or aggregate dividends if the amount thereof exceeds Re. 1/- in the case of shareholder which is a Company and in respect of a dividend or aggregate dividends if the amounts thereof exceeds Rs. 20,00/- in the case of any other share-holder.

The form of the return is prescribed in Rule 43. Separate returns should be sent for resident and non-resident shareholders. This return should be sent on or before 15th June in each year.

SECTION 20:— The Principal officer of every Company shall at the time of distribution of dividends, furnish to every person receiving a dividend a certificate to the effect that the Company has paid or will pay income-tax on the profits which are being distributed and specifying such other particulars as may be prescribed.

SECTION 20-A :— A return shall be furnished by the person responsible for paying interest, not being interest on securities, in respect of amounts of interest or aggregate interest exceeding Rs. 400 per annum.

The form of the return is prescribed in Rule 43-A. This return should be sent on or before 15th June each year.

SECTION 21 :— The principal officer of a company shall prepare and within 30 days from 31st March each year deliver or cause to be delivered to the Income tax officer a return showing the list of employees who have received a salary of not less than Rs. 1600 in the previous year.

SECTION 18 (3) A : Income tax will be deducted at the maximum rate from the interest payable to a non-resident.

The person making the deductions in accordance with sub-section 3-A, shall at the time of deduction send to the Income tax officer concerned a statement showing the following particulars :

- (1) Name and address of the non-resident on whose behalf tax is deducted.
- (2) Date of payment.
- (3) Nature of payment.
- (4) Amount paid.
- (5) Amount of income tax deducted.

On receipt of the statements prescribed the Income tax officer shall prepare the necessary challan and send it to the Bank.

All amounts deducted in accordance with the provisions of Section 18 of the Act shall be paid within a week from the date of receipt of the challan.

1. BANKEES' BOOKS' EVIDENCE ACT, 1891.

This is an Act to amend the law of evidence with respect to bankers' books. Bankers are bound to disclose the position of a customer's account when they are required to do so by a competent Court of Law. Before the passing of the Act, actual account-books had to be produced in Courts to the great inconvenience of the bankers. The Act provides that, subject to the conditions specified therein, a banker may produce in Courts certified copies of accounts or entries in his books instead of his actual books of account. The more important Sections of the Act are quoted below for ready reference.

Sec. 2 (3) "Bankers' Books" include ledgers, day-books, cash-books, account-books and all other books used in the ordinary business of a bank.

(8) "Certified copy" means a copy of any entry in the books of a bank together with a certificate written at the foot of such copy that it is a true copy of such entry, that such entry is contained in one of the ordinary books of the bank and was made in the usual and ordinary course of business, and that such book is still in the custody of the bank, such certificate being dated and subscribed by the principal accountant or manager of the bank with his name and official title.

Sec. 4: Subject to the provisions of this Act, a certified copy of an entry in a banker's book shall in all

legal proceedings be received as *prima facie* evidence of the existence of such entry, and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is now by law admissible, but not further or otherwise.

Sec. 5: No officer of a bank shall in any legal proceeding to which the bank is not a party be compellable to produce any banker's book, the contents of which can be proved under this Act, or to appear as a witness to prove the matters, transaction, and accounts therein recorded unless by order of the Court or a Judge made for special cause.

The following is an instance of a case in which it was held that the 'Bankers' Books Evidence Act, is not applicable to police investigation.

A. F. G. Price *vs.* Emperor.

The case which arose in Lahore out of the refusal of Mr. A. F. G. Price, Accountant of the Imperial Bank of India, Lahore, to comply with a police order to produce the books of the bank is of considerable interest to bankers. Bankers assumed that the Bankers' Books Evidence Act exempted them from the production of their books in cases to which the bank was not a party, except under a specific order from a competent Court made for a special cause. Mr. Price, relying on Sec. 5 of the Bankers' Books Evidence Act, refused inspection of the bank's books in a police investigation and asked for the order of a Court or a Judge. A formal order from the police under Sec. 94 Cr. P. C. to produce the books at the police station was served on Mr. Price and was not complied

with and Mr. Prieze was prosecuted under Sec. 175, I. P. C. The city Magistrate decided that Sec. 5 of the Bankers' Books Evidence Act does not prevent the police inspecting the book of a bank even without a Court order. This view was upheld on appeal to the Sessions Judge, and Mr. Justice Skemp of the Lahore High Court to which the case was ultimately taken confirmed the decision of the lower courts.

**Documents Required to be filed with or produced
before the Registrar of Joint Stock Companies
Under the Indian Companies Act.**

Sections**Documents.**

- 15 (1) Certified copy of order confirming alteration of memorandum and a printed copy of the memorandum so altered.
- 15 (2). Certified copy of order confirming change of registered office.
- 22. Memorandum and articles for registration of a new Company.
- 24 (2). Declaration by advocate, attorney, or pleader, or director, manager, or secretary named as such in articles, of compliance with requirements of the Act.
- 32 (3). Copy of annual list and summary signed by a director, manager or secretary with his certificate.
- 32 (4). By a private company the above and a certificate required under S. 32 (4).

Sections**Documents.**

- 39. Notice of rectification of the register of members.
- 41. Notice of situation of the office where the British register is kept and notice of change or discontinuance of the same.
- 50(4). Notice of exercise of powers of sub-division and cancellation of shares.
- 51. Notice of consolidation or division of share capital of conversion and reconversion into stock.
- 53. Notice of increase of share capital or of members.
- 54. Certified copy of order confirming special resolution to re-organise share capital.
- 61. Order of Court confirming reduction of share capital and certified copy of the order and minutes.
- 72. Notice of situation of the registered office and of any change therein.
- 77(5) Copy of the statutory report certified by directors and auditors.
- 82. A printed or type-written copy of a special or extraordinary resolution certified by an officer.
- 84(1). Consent of a director to act as such and pay for qualification shares or an affidavit that the qualification shares are registered in his name.
- 84(2). List of persons who have consented to be directors.
- 87. Return of particulars specified in register of directors, managers or managing agents and notification of change among them.
- 92. Copy of prospectus signed by directors or proposed directors.
- 98. Statement in lieu of prospectus signed by directors or proposed directors.

Sections**Documents.**

103. Verified declaration by secretary or director of compliance with conditions mentioned in the section for commencement of business.
104. (1) (a) Return of allotment.
104. (1) (b). Contract of allotment of shares fully or partly paid up otherwise than in cost and verified copies of such contract and a return.
104. (2). Prescribed particulars of such a contract not reduced to writing.
105. (1) (b). Statement disclosing amount or rate per cent. of the commission for subscribing for shares where they are not offered to the public for subscription.
109. 109 & 110. Particulars of mortgage or charge with the instrument thereof or a verified copy of the instrument.
111. Particulars of amount or rate of commission, allowance or discount.
116. (1). Particulars of mortgage or charge and of the issue of debentures of a series.
116. (3). Particulars of modification of any mortgage or charge.
118. Notice of appointment or receiver.
119. Abstract of receipt and payments during receiver's time and notice that he has ceased to act as receiver.
121. Intimation of payment or satisfaction of a mortgage or charge.
134. Copy of balance sheet signed by manager or secretary. (A private company is not required to file it.)

Sections Documents.

- 153 & 153A. Certified copy of Court's orders under Ss. 153 & 153A.
154. Prospectus or statement in line of prospectus (in form marked II in the second schedule), by a private company altering its articles for turning itself into a public company.
172. Copy of a winding up order made by the Court.
182. Audited accounts of official liquidator.
191. Report of the Court's order for dissolution of a company.
- 208 E (3) & 209 II (3). Copy of account of winding up and return of general meeting of company.
- 208 E (5) & 209H (5). Certified copy of Court's order deferring date of dissolution.
214. Notice of his appointment by a voluntary liquidator.
243. Certified copy of Court's order declaring dissolution to be void.
244. Statement containing particulars respecting position of liquidation.
255. Documents relating to registration of a joint-stock company under Part VIII mentioned in S. 255.
256. Documents relating to registration of other companies under part VIII mentioned in S. 256.
277. Documents and particulars relating to companies incorporated outside British India mentioned in S. 277.
- 277A. Copy of prospectus certified by chairman and two directors.
- 277 I. Declaration verified by affidavit signed by directors and managers of a banking company
- 277L. Statement by banking company as required by S. 277L.

Section Registers.

- 31 & 36. Register of members with particulars mentioned in S. 31.
- 31A & 36. Index of the names of members.
- 32M (3). Annual list of members and summary to be contained in a separate part of the register of members.
- 34. Transfer of shares.
- 42. Duplicate of the British register of members.
- 83. Minute Books of general meetings and directors meetings.
- 87. Register of directors and managers and managing agents.
- 91A. Register of particulars of contracts &c. mentioned in S. 91A.
- 91D. Memorandum of contract by manager or agent where company is undisclosed principal.
- 117. Copies of instruments creating mortgages or charges.
- 123. Register of mortgages and charges.
- 125. Register of debenture-holders.
- 130. Books of account.
- 131 (3). Copy of audited balance-sheet for inspection of members.
- 136 (2). Statement in form G. of Schedule III together with a copy of the last audited balance-sheet laid before members to be displayed by every banking or insurance company or a deposit, provident or benefit society.

LIST OF SOME LEADING BOOKS ON BANKING

Name	Author	Price
The Banker as a Lender	by F. E. Steel.	5 sh.
Bankers and the property statutes of 1925 & 1926	by R. W. Jones.	6 sh.
Bankers' Tests	by Francis R. Steed.	10 sh. 6d.
Dictionary of Banking	by W. Thomson	30 sh.
A complete dictionary of Banking Terms in three languages (English, French-German)	by L. Herendi.	21 sh.
The Money Machine	by F. Whitmore	5 sh.
Money, Exchange and Banking In their practical, theoretical and legal aspects	by A. T. Easton	6 sh.
The theory and principles of Central Banking	by William A. Shaw.	12 sh. 6d.
An outline of English Banking Administration	by Joseph Sykes	2 sh. 6d.
English Banking Methods	by Leonard Le Merchant Minty.	15 sh.
The Banker's Place in Commerce	by William F. Spalding	3 sh. 6d.
Banking for Advanced Students	by Percy G. H. Woodruff	7 sh. 6d.
The arithmetic and practice of the foreign Exchanges	by A. G. Sugg.	3 sh. 6d.
Foreign Banking System	by H. P. Wills and B. H. Backhart	21 sh.

Name	Author	Price^c
Foreign Exchanges and Foreign Bills in theory and in practice	by W. F. Spalding	7 sh. 6d.
Eastern Exchanges Currency and Finance	by W. F. Spalding	15 sh.
A prime of Foreign exchange	by W. F. Spalding	3 sh. 6d.
The Finance of Foreign trade	by W. F. Spalding	7 sh. 6d.
Dictionary of the world's currencies and Foreign exchanges	by W. F. Spalding	30 sh.
Banker's credit and all that appertains to them in their practical, legal and everyday aspects	by W. F. Spalding	10 sh. 6d.
The Functions of Money	by W. F. Spalding	7s. 6d.
The London money market	by W. F. Spalding	10 sh. 6d.
The discount market in London its organisation and recent developments	by H. W. Greengrars.	6 sh.
Principles of Banking Currency and foreign exchange	by R. H. King	5 sh.
Practical Banking	by J. F. G. Bagshaw	7sh. 6d.
The Secretary's clerk in Branch bank	by E. J. Lewcock.	

Name	Author	Price
Bank organisation, management and account	by J. F. Devis	6 sh.
Cheques : Their origin and development and how they are handled by an English Bank	by C. F. Hannaford.	6 sh.
Bills, cheques and notes	by J. A. Stater	6 sh.
A practical examination of the bills of exchange Acts	by C. H. Fennell	7sh. 6d.
The Bankers' Clearing House, what it is and what it does	by P. W. Mathews	7sh. 6d.
Bankers' Securities against Advances	by Lawrance A. Fugg	6sh.
How to succeed in a Bank	by F. E. Steele	3sh. 6d.
Banking as a career	by F. A. William	3sh. 6d.
Talks on banking to bank clerks.	by Harold E. Evans	2sh. 6d.
Bankers' advances	by F. R. Stoad	6sh.
Bankers' advances against produce	by A. Williams	6sh.
English composition and Banking correspondence	by L. E. W. O. Fullbrook-Loggatt	5sh.
The practice and law of Banking by H. P. Sheldon (Maedonald and Evaus 8 John St. Bedford Row C.W.I London)		
Banking Law and practice in India	by M. L. Tanan	Rs. 12/8/-
Law & practice of Banking	by Davar	Rs. 11/-

Name	Author	Price
A. B. C. of Central Banking		Rs. 20/-
Banking Frauds in India	by Sonalkar	Rs. 3/-
Bankers Advances Against Goods.	by Shastri.	Rs. 12/8/-
Banking made Easy.	by Garg.	Rs. 3/8/-
Banking Principals in India	by Garg	Rs. 4/8/-
Bankings & Exchanges	by Thomas	Rs. 11/8/-
Banks and the Money Market	by Rau.	Rs. 2/-
Branch Banking in India	by R. S. Agarwal	Rs. 10/-
Elementary Banking	by Rau	Rs. 3/-
Negotiable Instruments Act.		Rs. 5/-
Organised Banking in the days of John & Co.		Rs. 12/8/-
Present day Banking in India	by Rau	Rs. 10/-
Regulations of Banks in India.	by Tannan.	Rs. 1/-
